

1 03:27:51 needs SEC approval?"

2 03:27:56 I think I read that correctly.

3 03:27:57 Did you understand, when you read this,

4 03:27:58 "regular" to mean "regulate"?

5 03:28:02 A. I don't think this email was to me, was

6 03:28:03 it?

7 03:28:04 Q. Sure. You're on the thread. Did you read

8 03:28:06 it when you received it?

9 03:28:07 A. Not that I can recall.

10 03:28:08 Q. Okay. Do you recall reading the middle

11 03:28:14 email from [REDACTED]?

12 03:28:18 A. Not that I can recall.

13 03:28:20 Q. Do you have any recollection of anyone

14 03:28:22 conveying to you that [REDACTED] had said:

15 03:28:24 "One certainly can create a

16 03:28:27 security by packaging virtual

17 03:28:29 currency"?

18 03:28:30 A. I'm sorry, what's the question there

19 03:28:32 again?

20 03:28:35 Q. Do you have any recollection of anyone

21 03:28:36 conveying to you that [REDACTED] had said:

22 03:28:38 "One can certainly create a

23 03:28:41 security by packaging virtual

24 03:28:43 currency"?

25 03:28:45 MR. FLUMENBAUM: Objection as to form.

1 03:28:47 THE WITNESS: I don't recall if somebody

2 03:28:48 mentioned that exact message to me.

3 03:28:58 BY MR. SYLVESTER:

4 03:28:58 Q. Did [REDACTED] -- strike that.

5 03:28:59 Do you understand [REDACTED] is a law

6 03:29:03 firm?

7 03:29:04 MR. FLUMENBAUM: Objection as to form.

8 03:29:05 THE WITNESS: Yes.

9 03:29:05 BY MR. SYLVESTER:

10 03:29:05 Q. Okay. Did [REDACTED] -- strike that.

11 03:29:09 Outside of this email, did [REDACTED]

12 03:29:12 provide any advice to Ripple?

13 03:29:18 A. Not to my knowledge. I don't know.

14 03:29:22 Q. Sitting here today, you can't recall

15 03:29:24 Ripple engaging [REDACTED] for anything?

16 03:29:28 MR. FLUMENBAUM: Objection. Asked and

17 03:29:29 answered.

18 03:29:29 THE WITNESS: It's possible, but not that

19 03:29:30 I can recall.

20 03:29:32 BY MR. SYLVESTER:

21 03:29:32 Q. Okay. Did Ripple ultimately obtain a memo

22 03:29:46 from Paul Hastings with respect to XRP status under

23 03:29:51 the securities laws?

24 03:29:58 MR. FLUMENBAUM: Objection as to form.

25 03:29:58 You may answer.

1 03:29:59 THE WITNESS: Yes. To the best of my

2 03:30:00 knowledge.

3 03:30:00 BY MR. SYLVESTER:

4 03:30:00 Q. Did you read that memo?

5 03:30:01 A. Not that I can recall.

6 03:30:04 Q. Okay. Did others at Ripple convey to you

7 03:30:07 what was in the Paul Hastings memo?

8 03:30:10 MR. FLUMENBAUM: Objection as to form.

9 03:30:10 And I instruct you not to answer to the

10 03:30:15 extent that the question involves communications

11 03:30:21 with either Ripple in-house counsel or outside

12 03:30:25 counsel.

13 03:30:28 THE WITNESS: Not that I can recall.

14 03:30:31 BY MR. SYLVESTER:

15 03:30:31 Q. Other than in connection with the SEC's

16 03:30:40 investigation or this litigation, did you ever come

17 03:30:43 to learn what was in the Paul Hastings' memo?

18 03:30:47 A. To the best of my recollection, it was

19 03:30:50 a -- confirmed everything we -- we thought.

20 03:30:54 Q. When you say "confirmed everything we

21 03:30:55 thought," what is "everything we thought" in that

22 03:30:58 response?

23 03:30:59 A. That XRP is a currency and it's proper

24 03:31:03 regulation is as a currency.

25 03:31:07 Q. I see.

1 03:31:08 So your understanding is that the Paul
2 03:31:13 Hastings' memo said that Ripple should be -- strike
3 03:31:13 that.
4 03:31:14 Your understanding is the Paul Hastings
5 03:31:16 memo said that XRP was properly classified as a
6 03:31:20 currency?
7 03:31:22 MR. CERESNEY: Hold on. Hold on.
8 03:31:23 You're answering this question separate
9 03:31:24 and apart anything you learned from counsel; is that
10 03:31:27 right?
11 03:31:33 THE WITNESS: Well, now I'm -- I mean, the
12 03:31:34 memo is from counsel, isn't it?
13 03:31:37 MR. CERESNEY: Right. But you said you
14 03:31:38 don't recall reviewing the memo, right? And so now
15 03:31:41 he's asking you, you got a report on the memo, you
16 03:31:44 said yes. Now he's asking you for your
17 03:31:46 understanding of the memo.
18 03:31:48 THE WITNESS: Oh.
19 03:31:49 MR. CERESNEY: And the question is did you
20 03:31:50 get that understanding from anybody other than
21 03:31:52 counsel, and I would instruct you not to give an
22 03:31:55 answer --
23 03:31:55 THE WITNESS: I understand.
24 03:31:55 MR. CERESNEY: -- that implicates your
25 03:31:56 discussions with counsel.

1 03:31:57 THE WITNESS: I see. Okay. I understand.

2 03:32:00 Yeah, it's hard for me to remember whether

3 03:32:02 or not that was learned outside of counsel or within

4 03:32:05 counsel, so I'll follow counsel's advice.

5 03:32:10 BY MR. SYLVESTER:

6 03:32:14 Q. Okay. I just want to make the record

7 03:32:16 clear. At some point prior to the SEC's

8 03:32:18 investigation, you came to learn the contents of the

9 03:32:21 Paul Hastings' memo; is that correct?

10 03:32:23 MR. FLUMENBAUM: Objection as to form.

11 03:32:25 THE WITNESS: To the best of my

12 03:32:27 recollection, yes.

13 03:32:28 BY MR. SYLVESTER:

14 03:32:28 Q. And your testimony is that you can't

15 03:32:30 recall, sitting here today, whether or not the way

16 03:32:33 in which you learned the contents of the memo was

17 03:32:35 through counsel?

18 03:32:37 A. I can't recall.

19 03:32:38 Q. Okay. At the time of the January 2015

20 03:32:48 email, what was Ripple's relationship, if any, with

21 03:32:52 [REDACTED]?

22 03:32:56 A. I believe that they were an investor in

23 03:32:58 the company, and we were separately discussing their

24 03:33:08 setting up of an XRP fund.

25 03:33:13 Q. Were they also XRP purchasers at the time?

1 03:33:19 A. I don't recall if they had purchased XRP

2 03:33:22 at that time.

3 03:33:23 Q. And [REDACTED] ultimately did purchase XRP?

4 03:33:28 A. They did.

5 03:33:29 Q. Approximately how much, in dollars?

6 03:33:39 A. Probably -- yeah, I don't recall the exact

7 03:33:43 number.

8 03:33:46 Q. Was it [REDACTED]?

9 03:33:49 A. I believe it was [REDACTED]

10 03:33:51 [REDACTED]

11 03:34:02 Q. Do you have an understanding of why Ripple

12 03:34:06 engaged Paul Hastings to opine on XRP securities law

13 03:34:12 status as opposed to going back to Perkins Coie?

14 03:34:14 MR. FLUMENBAUM: Objection as to form.

15 03:34:14 And, again, instruction not to discuss anything that

16 03:34:19 you may have learned from counsel or discussions

17 03:34:21 with counsel relating to that issue.

18 03:34:28 THE WITNESS: Perkins Coie was, I think,

19 03:34:29 the very first law firm that got involved in the

20 03:34:33 cryptocurrency space way back in 2012, 2011, even.

21 03:34:37 Subsequent to that, though, as the industry grew up

22 03:34:40 and became global, boy, just about every law firm

23 03:34:46 had a cryptocurrency practice.

24 03:34:51 BY MR. SYLVESTER:

25 03:34:51 Q. Do you have an understanding of why Paul

1 03:34:53 Hastings in particular was retained?

2 03:34:55 MR. FLUMENBAUM: Objection as to form.

3 03:34:56 THE WITNESS: Paul Hastings, as far as I

4 03:34:58 know, has an outstanding reputation.

5 03:35:01 BY MR. SYLVESTER:

6 03:35:01 Q. Did you typically read the emails that

7 03:35:08 were sent to you by Ripple's investors?

8 03:35:11 MR. FLUMENBAUM: Objection as to form.

9 03:35:17 THE WITNESS: Yeah. Typically.

10 03:35:20 BY MR. SYLVESTER:

11 03:35:20 Q. Are you familiar -- are you familiar with

12 03:35:24 a publication by [REDACTED] regarding a securities

13 03:35:29 law framework for blockchain tokens that was

14 03:35:32 published around December 2016?

15 03:35:36 A. Is this the Coinbase index you're

16 03:35:41 referring to or is it something else?

17 03:35:44 Q. Something in that time frame was published

18 03:35:45 by [REDACTED].

19 03:35:50 A. I can't recall, but [REDACTED] --

20 03:35:54 MR. FLUMENBAUM: Do you want to show him a

21 03:35:56 document?

22 03:35:56 BY MR. SYLVESTER:

23 03:35:57 Q. What was it that you were about to say

24 03:35:58 about [REDACTED]?

25 03:36:00 A. [REDACTED] is a Bitcoin maximalist

1 03:36:03 organization, so ...

2 03:36:13 Q. Do you recall reading -- do you recall

3 03:36:18 asking Ms. O'Gorman to prepare a report about the

4 03:36:25 application of the securities laws to digital

5 03:36:29 assets?

6 03:36:31 MR. FLUMENBAUM: Objection as to form.

7 03:36:32 THE WITNESS: I don't recall.

8 03:36:32 BY MR. SYLVESTER:

9 03:36:32 Q. Do you recall Ms. O'Gorman giving a

10 03:36:44 presentation to Ripple employees about the

11 03:36:49 application of the securities laws to digital

12 03:36:52 assets?

13 03:36:52 A. I don't recall.

14 03:36:59 Q. Just for the record, Ms. O'Gorman is

15 03:37:00 Ripple's former CCO; is that correct?

16 03:37:06 A. Yeah, I believe that was her title.

17 03:37:11 MR. FLUMENBAUM: Your mask. Thank you.

18 03:37:13 BY MR. SYLVESTER:

19 03:37:14 Q. Mr. Larsen, are you familiar with the DAO

20 03:37:18 report?

21 03:37:19 MR. FLUMENBAUM: Again, in answering that

22 03:37:22 question, please omit anything you may have learned

23 03:37:25 from counsel to Ripple or your own counsel

24 03:37:30 subsequent to the investigation in this matter.

25 03:37:35 THE WITNESS: Yes.

1 03:37:36 BY MR. SYLVESTER:

2 03:37:36 Q. Okay. Did you read the DAO report around

3 03:37:41 the time it was published?

4 03:37:43 A. I can't recall.

5 03:37:44 Q. Okay. Did you familiarize yourself with

6 03:37:46 what was in the DAO report around the time it was

7 03:37:49 published?

8 03:37:51 A. Our compliance team relayed that to the

9 03:37:55 leadership team.

10 03:37:58 Q. Was that Ms. O'Gorman at the time?

11 03:37:59 A. I can't recall.

12 03:38:00 Q. Okay. Apart from any steps you might have

13 03:38:16 taken in connection with the SEC's investigation or

14 03:38:18 litigation, setting that aside, did you ever read

15 03:38:22 the DAO report?

16 03:38:26 A. I -- I understand the -- the key points of

17 03:38:35 it, but I can't recall where I learned of those key

18 03:38:39 points.

19 03:38:41 Q. Did you learn those key points around the

20 03:38:43 time it was published?

21 03:38:47 A. That's my recollection.

22 03:38:56 Q. Did the DAO report discuss the Howey test?

23 03:38:59 MR. FLUMENBAUM: Objection as to form.

24 03:39:04 THE WITNESS: I don't recall.

25 / /

1 03:39:04 BY MR. SYLVESTER:

2 03:39:04 Q. Okay. Around the time that you learned

3 03:39:07 the key points regarding the DAO report, just yes or

4 03:39:13 no, did you discuss the contents of the DAO report

5 03:39:15 with counsel?

6 03:39:19 A. Not that I can recall.

7 03:39:24 Q. Did there ever come a time when you

8 03:39:26 discussed the contents of the DAO report with

9 03:39:28 counsel?

10 03:39:29 MR. FLUMENBAUM: Objection. Exclude from

11 03:39:30 your answer any communications you might have had

12 03:39:32 relating to this investigation or this proceeding.

13 03:39:38 THE WITNESS: I don't think I can

14 03:39:38 delineate, then, between now and then.

15 03:39:47 BY MR. SYLVESTER:

16 03:39:47 Q. After you learned the key points in the

17 03:39:50 DAO report, did you take any steps based on what you

18 03:39:57 had learned?

19 03:39:59 MR. FLUMENBAUM: Objection. Objection as

20 03:40:00 to form.

21 03:40:01 THE WITNESS: Well, no. We didn't have

22 03:40:03 to. The United States government already declared

23 03:40:06 XRP to be a currency, and my understanding is that

24 03:40:08 it is exempt from the securities laws.

25 / /

1 03:40:12 BY MR. SYLVESTER:

2 03:40:12 Q. When you say "the United States government

3 03:40:16 already declared XRP to be a currency," are you

4 03:40:18 referring to Ripple's settlement with FinCEN?

5 03:40:20 A. Yes.

6 03:40:23 Q. Okay. Did anyone at FinCEN ever tell

7 03:40:27 anyone at Ripple that because FinCEN said XRP was a

8 03:40:31 virtual currency, XRP sales could not be classified

9 03:40:35 as securities?

10 03:40:36 MR. FLUMENBAUM: Objection as to form.

11 03:40:37 THE WITNESS: It is my understanding that

12 03:40:38 that was an official United States government

13 03:40:43 declaration that XRP is a currency. It's my

14 03:40:49 understanding that currencies are exempt from U.S.

15 03:40:52 securities laws.

16 03:40:55 BY MR. SYLVESTER:

17 03:40:55 Q. What is your understanding that a currency

18 03:40:57 is exempt from U.S. securities laws based on?

19 03:41:01 MR. FLUMENBAUM: Objection. Again,

20 03:41:03 instruction not to answer if your understanding is

21 03:41:05 based on communications with counsel. And I'm also

22 03:41:09 asking you to exclude anything you might have

23 03:41:11 learned in connection with the investigation or this

24 03:41:15 proceeding.

25 03:41:17 THE WITNESS: It's my understanding that

1 03:41:18 it's explicitly stated in the 33 and 34, I'm not

2 03:41:23 sure which one, Acts.

3 03:41:26 BY MR. SYLVESTER:

4 03:41:26 Q. And how did you obtain that understanding?

5 03:41:32 MR. FLUMENBAUM: Again, instruction not to

6 03:41:32 answer if it's based on discussions with counsel.

7 03:41:38 THE WITNESS: I can't delineate on whether

8 03:41:39 or not that was learned with or without counsel.

9 03:41:43 BY MR. SYLVESTER:

10 03:41:43 Q. Did you ever read those provisions of the

11 03:41:45 33 and 34 Acts that you just referenced?

12 03:41:48 A. I believe I have.

13 03:41:52 Q. When did you read them?

14 03:41:56 A. I don't recall a date.

15 03:42:00 Q. Did you read them -- strike that.

16 03:42:02 The FinCEN settlement was in 2015; is that

17 03:42:04 right?

18 03:42:05 A. Yes. That's correct.

19 03:42:07 Q. Did you read those provisions of the 33

20 03:42:09 and 34 act as early as 2015?

21 03:42:14 A. I'm sorry, can you repeat that, please.

22 03:42:16 Q. Sure. Did you read those provisions of

23 03:42:19 the 33 and 34 act as early as 2015?

24 03:42:25 A. I believe so.

25 03:42:28 Q. Okay. Have you ever read Howey, the

1 03:42:31 opinion?

2 03:42:33 A. I can't recall if I read the whole thing.

3 03:42:37 Q. Have you read parts of Howey?

4 03:42:39 A. Well, I can't -- I can't recall if it's

5 03:42:42 parts of some document referred to as Howey or if

6 03:42:46 it's a summary of the conclusions.

7 03:42:53 Q. Okay. Do you recall reading a document

8 03:42:54 that was a summary of Howey's conclusions?

9 03:42:57 MR. FLUMENBAUM: Again, I'm going to

10 03:42:58 instruct you not to answer to the extent that

11 03:43:01 that -- that that summary was prepared by counsel or

12 03:43:09 given to you in connection with this case.

13 03:43:12 THE WITNESS: Yeah, I can't delineate

14 03:43:13 whether that was learned with or without counsel.

15 03:43:16 BY MR. SYLVESTER:

16 03:43:16 Q. Okay. Did anyone at FinCEN ever tell

17 03:43:20 anyone at Ripple that because FinCEN said XRP was a

18 03:43:23 virtual currency, XRP sales could not also be

19 03:43:26 classified as securities?

20 03:43:28 MR. FLUMENBAUM: Objection as to form.

21 03:43:29 Asked and answered.

22 03:43:31 You may answer it again.

23 03:43:33 THE WITNESS: Some months after the

24 03:43:35 settlement, we spoke at a conference put on by the

25 03:43:41 San Francisco Federal Reserve that included Jennifer

03:43:44 Shasky, who was the head of FinCEN at the time, and

03:43:50 also included representatives from the SEC, among

03:43:53 other regulators.

03:43:55 And in that, her presentation, Jennifer

03:43:57 Shasky's, she did speak about how that experience

03:44:05 specifically that we went through made us

03:44:07 stronger -- made us more regulatory compliant, would

03:44:10 have been a good thing for our company.

03:44:14 And the notable SEC person, also on that

03:44:20 panel, didn't correct or didn't change anything. I

03:44:24 was sitting right in front of them, so ...

03:44:27 BY MR. SYLVESTER:

03:44:27 Q. When was this?

03:44:30 A. This would have been the second half of

03:44:31 2015.

03:44:36 Q. Other than what you just described, did

03:44:38 anyone at FinCEN ever give you any comfort that

03:44:43 because FinCEN called XRP a virtual currency, XRP

03:44:47 sales could not be classified as securities?

03:44:49 MR. FLUMENBAUM: Other than the documents

03:44:50 themselves? The settlement that --

03:44:56 MR. SYLVESTER: Sure.

03:44:57 BY MR. SYLVESTER:

03:44:57 Q. I'm talking about any communication

03:44:58 whatsoever.

1 03:45:00 A. Well, yes. As part of the settlement,
2 03:45:04 there was a press release that FinCEN and the
3 03:45:07 Department of Justice put out about the settlement,
4 03:45:11 publicly.
5 03:45:13 Q. Okay. And it's your understanding that
6 03:45:15 that addressed the topic of whether or not XRP could
7 03:45:17 be classified as a security?
8 03:45:18 MR. FLUMENBAUM: Objection as to form.
9 03:45:19 THE WITNESS: Well, again, it's my
10 03:45:22 understanding that in that document, that officially
11 03:45:29 defined XRP as a currency, that that meant that it
12 03:45:34 was just that, a currency. And clearly being
13 03:45:37 regulated, as we always thought it would be, by
14 03:45:42 treasury, FinCEN in the realm of money transmission
15 03:45:48 and money services businesses as a currency.
16 03:45:52 Q. Did anyone at FinCEN ever tell you that
17 03:45:59 because of your settlement agreement with FinCEN,
18 03:46:03 you would not be prosecuted for any future conduct
19 03:46:07 with respect to sales of XRP?
20 03:46:13 MR. FLUMENBAUM: Objection as to form.
21 03:46:18 THE WITNESS: Well, if you're saying that
22 03:46:20 that -- is that settlement a get out of jail free
23 03:46:23 card forever, no. We, of course, have to stay in
24 03:46:28 continued compliance with FinCEN and treasury and
25 03:46:31 all the money transmission laws.

1 03:46:35 MR. FLUMENBAUM: Is this a good time for a

2 03:46:36 break?

3 03:46:37 MR. SYLVESTER: Sure.

4 03:46:39 THE VIDEOGRAPHER: Okay. We are off the

5 03:46:40 record at 3:46 p.m.

6 03:48:16 THE VIDEOGRAPHER: This is the beginning

7 04:02:28 of File Number 5. We're back on the record at

8 04:02:33 4:02 p.m.

9 04:02:33 BY MR. SYLVESTER:

10 04:02:34 Q. Mr. Larsen, did anyone at FincEN ever tell

11 04:02:37 anyone at Ripple that Ripple was in compliance with

12 04:02:39 the securities laws?

13 04:02:41 MR. FLUMENBAUM: Objection as to form.

14 04:02:45 THE WITNESS: Not that I can recall.

15 04:02:51 BY MR. SYLVESTER:

16 04:02:51 Q. Okay. The FincEN settlement was also with

17 04:02:55 the U.S. Attorney's Office for the Northern District

18 04:02:57 of California; is that right?

19 04:03:01 A. In addition, correct.

20 04:03:01 Q. Okay. Did anyone from the U.S. Attorney's

21 04:03:04 Office for the Northern District of California ever

22 04:03:06 tell anyone at Ripple that Ripple was in compliance

23 04:03:08 with the securities laws?

24 04:03:10 A. Not that I can recall.

25 04:03:22 Q. Ripple has a marketing department,

1 04:03:23 correct?

2 04:03:24 A. Yes.

3 04:03:28 Q. And it has employees whose job is to

4 04:03:31 engage with the press?

5 04:03:32 A. Yes.

6 04:03:33 Q. Ripple monitors press about Ripple?

7 04:03:36 A. Yes.

8 04:03:37 MR. FLUMENBAUM: Objection. Asked and

9 04:03:37 answered.

10 04:03:38 BY MR. SYLVESTER:

11 04:03:39 Q. Okay. Has Ripple tried to respond to

12 04:03:42 negative stories about XRP?

13 04:03:45 MR. FLUMENBAUM: Objection. Asked and

14 04:03:46 answered.

15 04:03:46 You may answer it again.

16 04:03:50 THE WITNESS: Ripple tries to educate

17 04:03:56 participants in the cryptocurrency markets about

18 04:04:02 what we feel are the superior aspects of XRP versus

19 04:04:07 Bitcoin and Ethereum, for example.

20 04:04:10 BY MR. SYLVESTER:

21 04:04:10 Q. Okay. How does Ripple go about trying --

22 04:04:13 MR. FLUMENBAUM: Had you finished your

23 04:04:14 answer?

24 04:04:14 MR. SYLVESTER: Oh, sorry.

25 04:04:15 THE WITNESS: Yes.

1 04:04:15 BY MR. SYLVESTER:

2 04:04:16 Q. Okay. Great.

3 04:04:17 How does Ripple go about trying to educate

4 04:04:19 participants in the cryptocurrency markets about

5 04:04:22 those topics?

6 04:04:26 A. A variety of ways that we will discuss the

7 04:04:32 superiority of. For example, RippleNet over SWIFT

8 04:04:39 and correspondent banking partially enabled by the

9 04:04:43 efficiency of the XRP Ledger, ILP technology, for

10 04:04:49 example.

11 04:04:50 Q. When you say "we will discuss that," is

12 04:04:52 that a reference to Ripple's public statements?

13 04:04:57 A. I'm sorry, what was -- what was the

14 04:04:59 question referring to?

15 04:05:02 Q. I asked how does Ripple go about trying to

16 04:05:04 educate participants in the cryptocurrency markets

17 04:05:06 about those topics and your first sentence was, "A

18 04:05:09 variety of ways that we will discuss the superiority

19 04:05:12 of." And so I was just asking if "we will discuss"

20 04:05:14 is a reference to Ripple's public statements?

21 04:05:17 MR. FLUMENBAUM: Objection as to form.

22 04:05:20 THE WITNESS: Well, Ripple is an

23 04:05:22 enterprise-focused company. So many of those

24 04:05:27 discussions happen in meetings with enterprise

25 04:05:32 customers. And then they'll also occur in

1 04:05:35 enterprise-focused conferences to educate users of

2 04:05:45 competitive processes and technologies to products

3 04:05:50 like RippleNet.

4 04:05:52 BY MR. SYLVESTER:

5 04:05:52 Q. When you say -- sorry -- strike that.

6 04:05:58 When you say enterprise customers, do you

7 04:06:00 mean Ripple's customers?

8 04:06:04 A. Well, I mean specifically a type of

9 04:06:07 customer that Ripple focuses on, which is the

10 04:06:10 enterprise space rather than the consumer space.

11 04:06:17 Q. Okay.

12 04:06:18 MR. FLUMENBAUM: Mark?

13 04:06:19 MR. SYLVESTER: Yes.

14 04:06:19 Let's look at 178, please. Actually, hang

15 04:06:27 on a second, Rob.

16 04:06:28 BY MR. SYLVESTER:

17 04:06:28 Q. Before we do that, does Ripple ever employ

18 04:06:31 third parties to make positive statements about

19 04:06:33 Ripple on its behalf?

20 04:06:36 MR. FLUMENBAUM: Objection as to form.

21 04:06:37 THE WITNESS: Are you talking about

22 04:06:40 outside public relations firms?

23 04:06:47 BY MR. SYLVESTER:

24 04:06:47 Q. Yes. Let's start there.

25 04:06:50 A. Sure. Like any technology company, we

1 04:06:55 have internal MarComm, marketing and communications,
2 04:07:00 team members who will frequently employ outside
3 04:07:06 MarComm-type companies in -- and in different --
4 04:07:13 different markets as well, globally.
5 04:07:15 Q. Okay. In addition to any retention of
6 04:07:17 outside marketing companies, does Ripple ever pay
7 04:07:25 individuals to make positive statements in the press
8 04:07:27 about Ripple?
9 04:07:29 MR. FLUMENBAUM: Objection as to form.
10 04:07:32 THE WITNESS: Not that I'm aware of.
11 04:07:35 MR. SYLVESTER: Okay. Let's look at 178.
12 04:07:37 (Whereupon, Deposition Exhibit CL-178
13 04:07:38 was marked for identification.)
14 04:08:07 MR. SYLVESTER: So for the record,
15 04:08:07 document 178, Exhibit 178 is two text messages, two
16 04:08:12 pages of text messages that appear between -- to be
17 04:08:15 between Mr. Larsen and [REDACTED] dated July 24th,
18 04:08:19 2020.
19 04:08:26 MR. FLUMENBAUM: Just so the record's
20 04:08:27 clear, the second page of the document is Bates
21 04:08:29 stamped; the first page is not.
22 04:08:47 THE WITNESS: Okay.
23 04:08:48 BY MR. SYLVESTER:
24 04:08:48 Q. What is [REDACTED] ?
25 04:08:51 A. That's a competitor to [REDACTED]

1 04:08:54 Q. What is Mr. [REDACTED] relationship with

2 04:08:56 [REDACTED] if any?

3 04:08:59 A. I believe he's the founder.

4 04:09:07 Q. You suggest in here that there's a big

5 04:09:12 opening for [REDACTED] to feed XRP news.

6 04:09:15 Do you see that?

7 04:09:16 A. I do.

8 04:09:16 Q. And is that a suggestion that [REDACTED]

9 04:09:18 [REDACTED] publish positive articles about XRP?

10 04:09:22 MR. FLUMENBAUM: Objection as to form.

11 04:09:27 THE WITNESS: No. [REDACTED] is a

12 04:09:30 journalist. He's going to publish what he wants.

13 04:09:32 What I'm referring to is the surprising lack of

14 04:09:37 media feeds in the feeds in the Apple financial app

15 04:09:45 and that that seemed like an opportunity for [REDACTED]

16 04:09:50 BY MR. SYLVESTER:

17 04:09:50 Q. Mr. [REDACTED] responds:

18 04:09:54 "We have noticed precisely the

19 04:09:55 same thing. We have two nice XRP

20 04:09:58 stories coming."

21 04:09:59 Did you understand him to be saying that

22 04:10:02 [REDACTED] was about to publish two nice XRP

23 04:10:06 stories?

24 04:10:10 MR. FLUMENBAUM: Objection as to form.

25 04:10:13 THE WITNESS: Yeah. That's what it says.

1 04:10:15 BY MR. SYLVESTER:

2 04:10:15 Q. Okay. Have you ever had any kind of

3 04:10:32 agreement with Mr. [REDACTED] where you paid him for his

4 04:10:36 services?

5 04:10:37 A. Yes.

6 04:10:39 Q. What was the nature of that agreement?

7 04:10:44 A. Well, [REDACTED] lost -- or was hacked a large

8 04:10:48 number of the XRP that he had bought. And that was

9 04:10:56 a good way for me to help him with that, but then

10 04:11:03 also have his services available if I needed them.

11 04:11:13 Yeah.

12 04:11:13 [REDACTED]

13 04:11:16 [REDACTED]

14 04:11:19 [REDACTED]

15 04:11:25 [REDACTED]

16 04:11:30 [REDACTED]

17 04:11:36 [REDACTED]

18 04:11:38 [REDACTED]

19 04:11:43 [REDACTED]

20 04:11:46 [REDACTED]

21 04:11:50 [REDACTED]

22 04:11:58 [REDACTED]

23 04:12:06 [REDACTED]

24 04:12:10 [REDACTED]

25 04:12:14 Q. Other than the projects that you just

1 04:12:16 described, has Mr. [REDACTED] provided any other

2 04:12:20 services pursuant to that agreement?

3 04:12:27 MR. FLUMENBAUM: Objection. You're

4 04:12:27 referring to an agreement without showing the

5 04:12:29 agreement.

6 04:12:30 THE WITNESS: Mr. [REDACTED] and I are close

7 04:12:32 friends, and it's almost like having him on a

8 04:12:35 retainer for things just like what I just mentioned.

9 04:12:42 BY MR. SYLVESTER:

10 04:12:42 Q. Understanding that, between the agreement

11 04:12:45 and today, are there any other projects that he's

12 04:12:49 worked on that were services pursuant to that

13 04:12:54 agreement?

14 04:12:54 MR. FLUMENBAUM: Objection as to form.

15 04:13:00 THE WITNESS: Well, again, he's sort of on

16 04:13:01 retainer, if you will. I pick up the phone when I

17 04:13:07 want to know about something that he's an expert in,

18 04:13:09 maybe around politics, for example, but that's how I

19 04:13:13 regard that contract.

20 04:13:14 BY MR. SYLVESTER:

21 04:13:14 Q. Okay. Do any of Mr. [REDACTED] services

22 04:13:17 relate in any way to [REDACTED] stories?

23 04:13:23 A. [REDACTED] had a relationship with

24 04:13:24 Ripple, but I believe that Brad was unhappy with

25 04:13:26 that relationship. That's up to Brad on how he

1 04:13:30 wants to run that.

2 04:13:31 Q. What was the relationship between [REDACTED]

3 04:13:32 [REDACTED] and Ripple?

4 04:13:33 A. I believe that was an advertising

5 04:13:37 relationship.

6 04:13:39 Q. Did Ripple pay [REDACTED] to provide

7 04:13:43 advertising services?

8 04:13:45 A. I believe it did.

9 04:13:47 Q. What sort of advertising services did

10 04:13:50 [REDACTED] provide pursuant to that agreement?

11 04:13:55 A. I'm assuming it had to do with products

12 04:13:58 and applications that Ripple had at the time.

13 04:14:10 Q. Who entered into that agreement with

14 04:14:13 [REDACTED] on behalf of Ripple?

15 04:14:15 A. I don't know exactly who that would have

16 04:14:16 been.

17 04:14:17 Q. Not you?

18 04:14:18 A. No, that was after my time as CEO.

19 04:14:24 MR. SYLVESTER: Okay. Let's look at

20 04:14:29 Exhibit 147, please.

21 04:14:46 Actually, I have the wrong number. Hold

22 04:14:49 that. Hang on. I have the wrong number. Let's

23 04:14:55 look at 138. Sorry, Rob.

24 04:15:14 MR. FLUMENBAUM: Thank you.

25 / /

1 04:15:48 (Whereupon, Deposition Exhibit CL-138
2 04:15:49 was marked for identification.)
3 04:15:57 ZOOM PARTICIPANT: Can I verify just
4 04:15:58 Exhibit 138?
5 04:15:59 MR. SYLVESTER: That's right. Thank you.
6 04:16:07 MR. FLUMENBAUM: Before you question,
7 04:16:09 Mr. Sylvester, again, these documents are not Bates
8 04:16:13 stamped. I don't know how they've been approved.
9 04:16:19 You've attached an article to a couple of emails
10 04:16:26 and --
11 04:16:27 MR. SYLVESTER: The article -- I will tell
12 04:16:28 you, Marty. The article I pulled from the internet.
13 04:16:32 Was going to ask Mr. Larsen if this is the article
14 04:16:34 to which he refers because of the date and the
15 04:16:39 description and the text messages.
16 04:16:41 MR. FLUMENBAUM: So this article did not
17 04:16:42 go with these emails?
18 04:16:44 MR. SYLVESTER: That's correct.
19 04:16:44 MR. FLUMENBAUM: You know, you should not
20 04:16:47 mark it as one exhibit. They should be separate
21 04:16:52 exhibits. They should not be attached. And they
22 04:16:55 should be Bates stamped.
23 04:16:56 MR. SYLVESTER: Okay. All of your
24 04:16:57 objections are noted.
25 04:17:04 THE WITNESS: Okay.

1 04:18:17 BY MR. SYLVESTER:

2 04:18:17 Q. Okay. So my first question is -- there's

3 04:18:18 a New York Times article at the back of this

4 04:18:21 exhibit. Did you read that article at the time it

5 04:18:22 was published?

6 04:18:23 A. I did.

7 04:18:24 Q. Okay. The front of the exhibit is a

8 04:18:29 series of text messages dated the same date of the

9 04:18:31 article, April 22nd, 2018, between you and

10 04:18:34 Mr. Garlinghouse, correct?

11 04:18:35 A. Correct.

12 04:18:35 Q. Okay. In your text that's the first page

13 04:18:39 of the exhibit, you write:

14 04:18:41 "Article is out. Cites

15 04:18:43 Ethereum and Ripple but says

16 04:18:44 'particularly Ripple.'"

17 04:18:47 A. I see that.

18 04:18:49 Q. Okay. That's a reference to the quote

19 04:18:51 from the article from Mr. Gensler; is that right?

20 04:18:54 A. Yes.

21 04:18:59 MR. FLUMENBAUM: Are you making

22 04:18:59 Mr. Gensler available as a witness in this case?

23 04:19:02 MR. SYLVESTER: Marty, I'm asking him if

24 04:19:04 he read an article.

25 04:19:05 MR. FLUMENBAUM: Okay. I --

1 04:19:05 MR. SYLVESTER: He said he read the
2 04:19:07 article, he text messaged Mr. Garlinghouse about it.
3 04:19:09 That's all I'm asking about, his statements and
4 04:19:12 Mr. Garlinghouse's statements, to the extent they're
5 04:19:13 in the exhibit.
6 04:19:15 MR. FLUMENBAUM: Mr. Larsen also says in
7 04:19:16 this email that he's got to be put up by the BTC
8 04:19:21 crew.
9 04:19:21 MR. SYLVESTER: I see that.
10 04:19:23 MR. FLUMENBAUM: Do you see that?
11 04:19:24 MR. SYLVESTER: Sure.
12 04:19:24 MR. FLUMENBAUM: Are you making a
13 04:19:25 representation that Mr. Gensler was not put up by
14 04:19:27 the BTC?
15 04:19:28 MR. SYLVESTER: Marty, what are you
16 04:19:29 talking about? Like, please stop talking. This
17 04:19:31 isn't an objection. This isn't my deposition.
18 04:19:33 MR. FLUMENBAUM: I think this is an
19 04:19:34 outrageous use of --
20 04:19:35 MR. SYLVESTER: I think your behavior at
21 04:19:36 this deposition is outrageous --
22 04:19:37 MR. FLUMENBAUM: Oh, please --
23 04:19:37 MR. SYLVESTER: -- and you know better.
24 04:19:39 MR. FLUMENBAUM: -- please, please.
25 04:19:41 Don't -- you're yelling. You know, just stop.

1 04:19:44 MR. SYLVESTER: Enough. Enough. You

2 04:19:45 stop. Say object to form.

3 04:19:47 MR. FLUMENBAUM: Ask questions.

4 04:19:48 MR. SYLVESTER: Object to form. Those are

5 04:19:49 your words.

6 04:19:50 MR. FLUMENBAUM: Ask questions, please.

7 04:19:54 BY MR. SYLVESTER:

8 04:19:54 Q. Mr. Larsen, you texted Mr. Garlinghouse

9 04:19:59 after you read this article, correct?

10 04:20:01 A. Yes.

11 04:20:01 Q. Okay. Mr. Garlinghouse responded to you:

12 04:20:02 "Yes. Have read. It's one

13 04:20:05 guy's opinion. We have many others

14 04:20:06 lined up to disagree."

15 04:20:07 Correct?

16 04:20:08 A. I see that.

17 04:20:09 Q. Okay. And then Mr. Garlinghouse followed

18 04:20:12 up that text by saying the word "publicly," correct?

19 04:20:18 A. You mean that the story is out publicly?

20 04:20:21 Q. Well, I read it as we have many other

21 04:20:24 lined up to disagree publicly.

22 04:20:26 A. Okay.

23 04:20:26 Q. How did you read it?

24 04:20:27 A. I was asking the question of you.

25 04:20:29 Q. Well, it doesn't matter what I think.

1 04:20:31 A. Well, I don't remember the exact order

2 04:20:34 here. I'm just seeing this, so ...

3 04:20:36 Q. Oh, I see. I see. Okay.

4 04:20:43 36 -- it looks to me from the second stamp

5 04:20:46 that the "publicly" is second. But let's just, for

6 04:20:50 sake of clarity, let's focus on "we have many others

7 04:20:53 lined up to disagree."

8 04:20:54 A. Okay.

9 04:20:55 Q. Okay. Who was lined up to disagree with

10 04:20:58 Mr. Gensler in April 2018?

11 04:21:00 A. I don't recall exactly who that would be,

12 04:21:04 but I think clearly what he means here is that we

13 04:21:09 have to counteract the Bitcoin maximalist of which

14 04:21:13 Mr. Gensler was a part of that division in the [REDACTED]

15 04:21:18 with [REDACTED] who very clearly is a Bitcoin

16 04:21:23 maximalist and is spreading misinformation about

17 04:21:28 Bitcoin's two biggest rival ecosystems.

18 04:21:31 Q. Okay. I want to focus on the many that

19 04:21:34 Ripple had lined up to disagree.

20 04:21:36 Can you remember any one of the many

21 04:21:38 people that Ripple was going to have -- strike that.

22 04:21:40 That Ripple had lined up to disagree?

23 04:21:46 A. I don't recall. That's -- I was not CEO

24 04:21:48 at that point.

25 04:21:48 Q. Were you aware of Ripple lining up people

1 04:21:52 to disagree publicly with respect to XRP's

2 04:21:54 classification as a security?

3 04:21:57 MR. FLUMENBAUM: Objection as to form.

4 04:21:57 There's no classification under security in this

5 04:22:02 document.

6 04:22:02 THE WITNESS: That's not -- yeah, that's

7 04:22:02 not what he's referring. What he's referring to is

8 04:22:05 the misinformation being spread by Mr. Gensler as

9 04:22:09 part of a division of [REDACTED] which is known to be run

10 04:22:13 by a Bitcoin maximalist, Mr. [REDACTED] who was --

11 04:22:18 obviously had to resign from [REDACTED] for unethical

12 04:22:22 practices.

13 04:22:23 BY MR. SYLVESTER:

14 04:22:23 Q. Okay. Let me just explain the basis of my

15 04:22:27 question.

16 04:22:27 A. Sure.

17 04:22:27 Q. You can tell me if you disagree with my

18 04:22:29 read. So Mr. Gensler says in the article:

19 04:22:30 "There is a strong case for

20 04:22:32 both of them - but particularly

21 04:22:34 Ripple - that they are noncompliant

22 04:22:36 securities."

23 04:22:36 A. I understand that. He's spreading

24 04:22:37 misinformation because he's trying to hurt two of

25 04:22:42 the biggest rivals to an ecosystem that he is

1 04:22:47 extremely biasedly attached to.

2 04:22:49 Q. I understand --

3 04:22:50 A. Which, by the way --

4 04:22:51 Q. Sorry.

5 04:22:52 MR. FLUMENBAUM: Don't interrupt him,

6 04:22:53 please.

7 04:22:53 MR. SYLVESTER: I didn't know he wasn't

8 04:22:55 finished.

9 04:22:55 THE WITNESS: By the way, that's confirmed

10 04:22:56 by Mr. Gensler' speech recently at the Aspen

11 04:23:00 Institute where he never mentions Bitcoin's

12 04:23:04 outrageous energy waste, 100 trillion-watt hours a

13 04:23:09 year, and refers to Satoshi Nakamoto almost in a

14 04:23:14 admiring way when no one knows who Satoshi Nakamoto

15 04:23:19 is. For all we know, as Americans, he could be an

16 04:23:23 agent of the Iranian intelligence for all we know.

17 04:23:27 It's absurd. So that's very unfortunate.

18 04:23:33 BY MR. SYLVESTER:

19 04:23:33 Q. Okay. When Mr. Garlinghouse writes that

20 04:23:38 Ripple has many others lined up to disagree, did you

21 04:23:42 understand that "lined up" means people who are on

22 04:23:44 Ripple's payroll?

23 04:23:46 MR. FLUMENBAUM: Objection as to form.

24 04:23:48 THE WITNESS: No. What I understood that

25 04:23:52 to mean is that there were many very smart, very

04:23:55 unbiased technology-oriented people in the
04:23:59 cryptocurrency markets globally that are much more
04:24:03 knowledgeable and much less biased than Mr. Gensler.

04:24:08 BY MR. SYLVESTER:

04:24:08 Q. And who were those people that were lined
04:24:15 up to disagree?

04:24:16 MR. FLUMENBAUM: Objection. Asked and
04:24:17 answered.

04:24:17 THE WITNESS: The XRP ecosystem is an
04:24:20 enormous global market. It is crystal clear what
04:24:26 the regulation is in the enormous markets of Japan,
04:24:31 Singapore, United Kingdom, Switzerland, UAE, who
04:24:38 have made it crystal clear that XRP is a currency.
04:24:44 So there's an enormous ecosystem of extremely
04:24:48 knowledgeable financial people, professionals,
04:24:54 analysts, professors, that can speak much more
04:24:59 accurately with much less bias, much less
04:25:03 misinformation than Mr. Gensler is quoted in this
04:25:09 New York Times story.

04:25:09 Which, by the way, was written by
04:25:12 Nathaniel Popper, who is also known as a Bitcoin
04:25:16 maximalist, because his income is derived from the
04:25:21 biased Bitcoin books that he is known to have
04:25:24 written.

/ /

1 04:25:25 BY MR. SYLVESTER:

2 04:25:25 Q. Okay. Just for purposes of

3 04:25:29 Mr. Garlinghouse's text, you didn't have in mind any

4 04:25:32 specific individuals that he was referencing?

5 04:25:35 MR. FLUMENBAUM: By "you," you mean

6 04:25:37 Mr. Larsen?

7 04:25:38 MR. SYLVESTER: Mr. Larsen. Yeah.

8 04:25:39 THE WITNESS: Brad is the CEO of the

9 04:25:40 company. Mr. Gensler spreading misinformation about

10 04:25:44 the company, I would expect, and I think the board

11 04:25:48 would expect, that the CEO of a company that's being

12 04:25:51 attacked with misinformation, with somebody who is

13 04:25:54 as biased as Mr. Gensler, needs to stand up to that

14 04:25:57 and counter that misinformation.

15 04:26:04 BY MR. SYLVESTER:

16 04:26:04 Q. Okay. Setting aside this document.

17 04:26:07 A. Sure.

18 04:26:10 Q. By around April 22nd, 2018, you were

19 04:26:15 aware that the SEC was investigating whether

20 04:26:17 Ripple's sales of XRP complied with the securities

21 04:26:19 laws?

22 04:26:21 A. Yes.

23 04:26:23 Q. Okay. At that point, had anyone from

24 04:26:27 Ripple reached out to the SEC to get its views on

25 04:26:31 the matter?

1 04:26:33 MR. FLUMENBAUM: Objection as to form.

2 04:26:35 THE WITNESS: I'm sorry --

3 04:26:36 MR. FLUMENBAUM: I don't know what --

4 04:26:37 what -- what precisely you would be referring to.

5 04:26:40 THE WITNESS: I'm not sure I understand

6 04:26:41 the question.

7 04:26:42 BY MR. SYLVESTER:

8 04:26:43 Q. Sure. In April -- in April --

9 04:26:46 sorry -- strike that.

10 04:26:47 Upon learning that the SEC was

11 04:26:55 investigating Ripple, did anyone from Ripple reach

12 04:26:57 out to anyone at the SEC to discuss the SEC's views?

13 04:27:04 MR. CERESNEY: Here, I just want to

14 04:27:05 caution the witness that anything he learned from

15 04:27:08 counsel about discussions with counsel and the SEC

16 04:27:12 would be privileged, so I'd just instruct him that

17 04:27:15 if he can answer that question without referencing

18 04:27:17 discussions with counsel, he should avoid --

19 04:27:20 THE WITNESS: Yeah, there's no way for me

20 04:27:21 to delineate what I would have learned outside of

21 04:27:25 counsel with what I learned from counsel.

22 04:27:27 BY MR. SYLVESTER:

23 04:27:27 Q. Okay. Who is [REDACTED]?

24 04:27:30 A. [REDACTED] worked at another of the

25 04:27:34 cryptocurrency realms at [REDACTED] There was competing

1 04:27:42 realms of individuals working on the cryptocurrency

2 04:27:47 industry at [REDACTED]

3 04:27:50 Q. Is he associated with a company called

4 04:27:52 [REDACTED]

5 04:27:53 A. I don't know.

6 04:27:55 Q. Okay. Has Ripple ever had any

7 04:27:57 relationship with [REDACTED]

8 04:27:59 A. That's possible.

9 04:28:01 Q. Okay. Do you know whether or not Ripple

10 04:28:03 has ever paid [REDACTED] any amount of money?

11 04:28:06 A. That's also possible.

12 04:28:09 MR. FLUMENBAUM: If you don't know, you

13 04:28:11 know, just say I don't know. Anything is possible.

14 04:28:14 THE WITNESS: Well, my recollection with

15 04:28:16 [REDACTED] is that we were supporting his efforts

16 04:28:20 at [REDACTED] if I recollect correctly.

17 04:28:25 MR. SYLVESTER: Okay. Let's look at

18 04:28:26 Exhibit 140, please.

19 04:28:27 (Whereupon, Deposition Exhibit CL-140

20 04:28:28 was marked for identification.)

21 04:29:15 THE WITNESS: Okay. I see it.

22 04:29:17 MR. FLUMENBAUM: Hold on a second. You've

23 04:29:21 attached two emails to this exhibit. One is Bates

24 04:29:27 stamped, one is not.

25 04:29:28 MR. SYLVESTER: Two text messages between

1 04:29:30 Mr. [REDACTED] and Mr. Larsen, dated -- I take your

2 04:29:36 point. They're two different dates.

3 04:29:38 MR. FLUMENBAUM: Two different dates.

4 04:29:39 MR. SYLVESTER: I'll ask a question only

5 04:29:40 about the Bates-stamped document.

6 04:29:41 BY MR. SYLVESTER:

7 04:29:41 Q. So Exhibit 140, the first page is Bates

8 04:29:45 stamped ending -5494. It's a text from Mr. [REDACTED]

9 04:29:50 to you, Mr. Larsen.

10 04:29:51 Do you see that?

11 04:29:52 A. I see that.

12 04:29:52 Q. It's dated May 23rd, 2018?

13 04:29:56 A. Yes.

14 04:29:57 Q. Okay. And it says:

15 04:29:57 "Fresh intel from SEC meeting

16 04:30:00 yesterday. You have very little

17 04:30:01 time left."

18 04:30:02 Do you see that?

19 04:30:03 A. I see that.

20 04:30:04 Q. Did you have -- did you ever discuss with

21 04:30:06 Mr. [REDACTED] this text message?

22 04:30:12 A. You mean did I have a conversation after

23 04:30:14 receiving this text message?

24 04:30:15 Q. Yes.

25 04:30:15 A. Not that I can recall.

1 04:30:17 Q. Okay. Was Mr. [REDACTED] -- were you

2 04:30:23 surprised -- strike that.

3 04:30:23 Were you surprised to receive a text

4 04:30:26 message from Mr. [REDACTED] stating "fresh intel from

5 04:30:28 SEC meeting yesterday"?

6 04:30:32 A. I don't know what to make of [REDACTED].

7 04:30:35 He's involved with [REDACTED] in, again, one of the -- what

8 04:30:38 he would describe as the competing fiefdoms on

9 04:30:44 cryptocurrencies and was critical of [REDACTED] wing

10 04:30:49 that was known as being Bitcoin maximalists. So he

11 04:30:55 seemed to have information. How credible it is,

12 04:31:00 hard for me to tell.

13 04:31:01 Q. He seemed to have information about what?

14 04:31:05 A. He seemed to have information about, you

15 04:31:10 know, how the SEC was going to look at the

16 04:31:15 cryptocurrency industries.

17 04:31:17 Q. I see. And do you have an understanding

18 04:31:21 of what Mr. [REDACTED] meant by "you have very little

19 04:31:25 time left"?

20 04:31:26 A. Well, he seems to be implying that there

21 04:31:27 was something brewing at the SEC. But, again, I

22 04:31:31 have no way of knowing, you know, if that's just

23 04:31:36 talk. That's just rumors. Is he manipulating us.

24 04:31:40 It's just very, very hard to tell.

25 04:31:42 Q. What steps, if any, did you take to verify

1 04:31:45 whether or not Mr. [REDACTED] had accurate information

2 04:31:47 about the SEC?

3 04:31:52 A. Well, I'm not sure there's anything you

4 04:31:54 can do. You just have to make your best judgment.

5 04:32:06 Q. Did you ask Mr. [REDACTED] what his intel was

6 04:32:09 from the SEC meeting?

7 04:32:11 MR. FLUMENBAUM: Objection as to form.

8 04:32:12 Asked and answered.

9 04:32:13 THE WITNESS: I don't know that he met

10 04:32:14 with the SEC.

11 04:32:18 BY MR. SYLVESTER:

12 04:32:18 Q. Just referencing Mr. [REDACTED] message to

13 04:32:20 you, "fresh intel from the SEC meeting." Did you

14 04:32:23 ask him what his fresh intel was from the SEC

15 04:32:25 meeting?

16 04:32:26 MR. FLUMENBAUM: Objection as to form.

17 04:32:29 THE WITNESS: Well, my understanding, he's

18 04:32:30 not meeting with the SEC; he is meeting with

19 04:32:32 somebody who might have intel. But, again, no way

20 04:32:36 to verify if that's just talk or if it's relevant.

21 04:32:42 BY MR. SYLVESTER:

22 04:32:42 Q. How did you obtain the understanding that

23 04:32:44 he was meeting with somebody who might have intel?

24 04:32:48 MR. FLUMENBAUM: Objection -- objection as

25 04:32:49 to form.

1 04:32:51 THE WITNESS: That seemed to be what he

2 04:32:52 was representing.

3 04:32:53 BY MR. SYLVESTER:

4 04:32:53 Q. In this text message or otherwise?

5 04:32:55 A. Otherwise.

6 04:32:56 Q. Okay. What did Mr. [REDACTED] tell you about

7 04:33:01 the source of his information about the SEC in

8 04:33:04 conversations outside of this text message?

9 04:33:06 MR. FLUMENBAUM: Objection as to form.

10 04:33:08 THE WITNESS: He seemed to keep that much

11 04:33:10 to himself.

12 04:33:11 BY MR. SYLVESTER:

13 04:33:11 Q. What did -- outside of this text message,

14 04:33:19 what, if anything, did Mr. [REDACTED] tell you about the

15 04:33:22 SEC's views with respect to Ripple or XRP?

16 04:33:28 MR. FLUMENBAUM: Objection as to form.

17 04:33:30 THE WITNESS: My recollection was that

18 04:33:34 someone was trying to misinformation campaign

19 04:33:40 against us, which I would assume to be the Bitcoin

20 04:33:43 maximalists.

21 04:33:49 BY MR. SYLVESTER:

22 04:33:49 Q. And was that connected at all to the SEC?

23 04:33:54 MR. FLUMENBAUM: Objection as to form.

24 04:33:54 THE WITNESS: Well --

25 / /

1 04:33:54 BY MR. SYLVESTER:

2 04:33:54 Q. I just must have misunderstood your

3 04:34:08 answer.

4 04:34:08 A. -- you might want to ask your internal

5 04:34:09 folks if they want to do an investigation. I think

6 04:34:11 that probably would be a healthy thing.

7 04:34:14 Q. Okay. So make sure I understand your

8 04:34:17 testimony. Mr. [REDACTED] conveyed to you that there

9 04:34:21 were -- that there was a misinformation campaign

10 04:34:28 against Ripple and the SEC?

11 04:34:30 MR. FLUMENBAUM: Objection as to form.

12 04:34:33 THE WITNESS: No. I think what he's

13 04:34:34 getting at is there's an opposition campaign by

14 04:34:40 competing ecosystems to hurt a competitive

15 04:34:45 ecosystem.

16 04:34:47 BY MR. SYLVESTER:

17 04:34:47 Q. Okay. Outside of this text message, did

18 04:34:53 Mr. [REDACTED] ever purport to provide you any other

19 04:34:56 intel from an SEC meeting?

20 04:34:59 MR. FLUMENBAUM: Objection as to form.

21 04:35:01 THE WITNESS: Not that I can recall. My

22 04:35:04 conclusion on [REDACTED] is not somebody I would

23 04:35:08 want to continue working with.

24 04:35:10 BY MR. SYLVESTER:

25 04:35:10 Q. I see. Let's look at Exhibit 1 --

1 04:35:31 actually, before we do that, who is [REDACTED]
2 04:35:35 A. [REDACTED] is on one of the federal
3 04:35:38 reserve boards. I can't recall which one. He was
4 04:35:46 also a founder of [REDACTED].
5 04:35:50 He's also on the board of [REDACTED]
6 04:35:53 Q. Okay. What's [REDACTED] connection,
7 04:36:00 if any, with the digital asset industry?
8 04:36:03 MR. FLUMENBAUM: Objection as to form.
9 04:36:04 THE WITNESS: Mr. [REDACTED] is an
10 04:36:06 incredibly respected financial leader, speaks at the
11 04:36:14 world economic forum, which I believe is where I met
12 04:36:16 him. And he also now runs a very successful
13 04:36:24 cryptocurrency fund.
14 04:36:27 MR. SYLVESTER: Okay. Let's take a look
15 04:36:28 at Exhibit 160.
16 04:36:30 (Whereupon, Deposition Exhibit CL-160
17 04:36:32 was marked for identification.)
18 04:37:43 THE WITNESS: Okay.
19 04:40:43 BY MR. SYLVESTER:
20 04:40:43 Q. This is -- Exhibit 160 is an email
21 04:40:52 exchange between Mr. [REDACTED] Mr. Garlinghouse and
22 04:40:54 you. The top email is November 7th, 2018; is that
23 04:40:57 right?
24 04:40:58 A. That's right.
25 04:41:00 Q. Okay. It appears that Mr. [REDACTED] read

1 04:41:05 Bill Hinman's speech; is that right?

2 04:41:08 MR. FLUMENBAUM: Objection as to form.

3 04:41:09 THE WITNESS: That appears correct.

4 04:41:11 BY MR. SYLVESTER:

5 04:41:11 Q. Okay. You have familiarity with what I

6 04:41:13 mean when I say Bill Hinman's speech?

7 04:41:16 A. No. Other than what you're referring to

8 04:41:17 here in this email exchange.

9 04:41:20 Q. Okay. Do you know who Bill Hinman is?

10 04:41:22 A. I do.

11 04:41:23 Q. Okay. Are you familiar with the fact that

12 04:41:25 he gave a speech about the application of the

13 04:41:27 securities laws to digital assets?

14 04:41:31 A. Clarifying question. Is this the speech

15 04:41:32 where he said that the SEC doesn't consider Ethereum

16 04:41:38 a security?

17 04:41:41 Q. It's a speech in which Mr. Hinman spoke

18 04:41:44 about here.

19 04:41:45 A. Where he said that the SEC doesn't

20 04:41:47 consider Ethereum a security?

21 04:41:49 Q. Mr. Larsen, I can't answer your questions

22 04:41:51 here. It goes the other way around.

23 04:41:53 A. Well, it's important in the way I respond.

24 04:41:57 Q. Okay. Are you familiar with more than one

25 04:41:59 speech that Mr. Hinman gave during his tenure at the

1 04:42:03 SEC?

2 04:42:04 A. Well, I'm assuming he's given many

3 04:42:06 speeches.

4 04:42:06 Q. Sure. I'm asking your personal

5 04:42:09 familiarity.

6 04:42:12 A. Well, yes.

7 04:42:13 Q. Okay.

8 04:42:16 A. But that is the speech you're referring to

9 04:42:18 where --

10 04:42:19 Q. Again, Mr. Larsen, I'm not answering your

11 04:42:21 questions. I ask you questions.

12 04:42:24 MR. SYLVESTER: I understand, we can leave

13 04:42:25 it alone.

14 04:42:27 MR. CERESNEY: Mark, he talks about

15 04:42:28 Ethereum in that speech.

16 04:42:29 MR. SYLVESTER: That's exactly what I told

17 04:42:30 the witness. He talks about Ethereum in that speech

18 04:42:33 and the witness would like to ask me a further

19 04:42:34 question and I'm not going to answer it.

20 04:42:35 MR. CERESNEY: Okay. So then he can't

21 04:42:37 answer the question you're asking him. He's looking

22 04:42:39 for clarity.

23 04:42:40 MR. SYLVESTER: I'm going back to the

24 04:42:41 email.

25 04:42:42 MR. CERESNEY: Show him the speech if you

1 04:42:43 want to show him something.

2 04:42:46 MR. SYLVESTER: Understood. I have

3 04:42:47 questions about the email, so I'm going to return to

4 04:42:52 the email, if that's all right with you.

5 04:42:53 MR. CERESNEY: Okay.

6 04:42:53 BY MR. SYLVESTER:

7 04:42:53 Q. Okay. So Mr. [REDACTED] writes, in his

8 04:42:55 email -- we're now on page Bates ending -149.

9 04:42:59 A. Okay.

10 04:42:59 Q. He writes:

11 04:42:59 "Hinman offers to help

12 04:43:02 promoters and their counsel work

13 04:43:04 through these issues."

14 04:43:06 Do you see that?

15 04:43:06 A. I do.

16 04:43:07 Q. Okay. And then Mr. [REDACTED] concludes

17 04:43:10 with -- that paragraph with:

18 04:43:10 "You should take him up on

19 04:43:12 this offer."

20 04:43:13 Do you see that?

21 04:43:13 A. Yes.

22 04:43:15 Q. Okay. Did Ripple ever take Mr. Hinman up

23 04:43:24 on that offer?

24 04:43:25 MR. FLUMENBAUM: Objection. You're

25 04:43:26 getting into meetings that you know existed between

1 04:43:29 Ripple and -- and the SEC. I don't understand this

2 04:43:34 line of questioning at all, Mr. Sylvester. You're

3 04:43:39 talking about settlement discussions. You're

4 04:43:40 talking about --

5 04:43:41 MR. SYLVESTER: I'm not talking about

6 04:43:42 settlement discussions.

7 04:43:43 MR. FLUMENBAUM: Well, how can he answer

8 04:43:44 that question without talking about things that

9 04:43:46 shouldn't be talked about --

10 04:43:48 MR. SYLVESTER: Let me ask a better

11 04:43:49 question. Let me ask a better question.

12 04:43:50 Q. Did Ripple meet with Bill Hinman or his

13 04:43:54 staff to work to -- in assistance to work through

14 04:43:58 these issues?

15 04:44:02 MR. FLUMENBAUM: Objection as to form.

16 04:44:02 Mr. Ceresney?

17 04:44:09 MR. CERESNEY: Ask the question again.

18 04:44:11 MR. SYLVESTER: Sure. Okay.

19 04:44:12 Let's start with the foundation.

20 04:44:13 Q. Mr. [REDACTED] says, "You should take him up

21 04:44:16 on this offer," correct?

22 04:44:17 A. I see that.

23 04:44:18 Q. Okay. And the offer is, according to

24 04:44:20 Mr. [REDACTED] to help promoters and their counsel

25 04:44:23 work through these issues.

1 04:44:25 Do you see that?

2 04:44:25 A. I see that.

3 04:44:26 Q. Okay. So in your view, did Ripple take up

4 04:44:28 Mr. Hinman on his offer to help promoters and their

5 04:44:32 counsel work through these issues?

6 04:44:35 MR. CERESNEY: You're characterizing it as

7 04:44:37 his offer. This is Mr. [REDACTED] view of

8 04:44:39 Mr. Hinman's speech. So is the question whether

9 04:44:43 they did what Mr. [REDACTED] suggest that Mr. Hinman

10 04:44:46 said in his speech?

11 04:44:47 MR. SYLVESTER: Yes.

12 04:44:48 MR. CERESNEY: Okay. That's a different

13 04:44:49 question than what you asked so why don't you ask

14 04:44:52 the question.

15 04:44:52 BY MR. SYLVESTER:

16 04:44:53 Q. Did Ripple do what Mr. [REDACTED] suggested

17 04:44:55 that Mr. Hinman said that promoters could do in his

18 04:44:58 speech?

19 04:44:58 MR. FLUMENBAUM: And you're talking about

20 04:44:59 the June 14, 2018 speech?

21 04:45:02 MR. SYLVESTER: Yes. June 2018.

22 04:45:05 THE WITNESS: It's my understanding that

23 04:45:06 the company was meeting with the SEC on the same day

24 04:45:09 as the speech.

25 / /

1 04:45:14 BY MR. SYLVESTER:

2 04:45:14 Q. Okay.

3 04:45:20 MR. CERESNEY: Fair point.

4 04:45:20 BY MR. SYLVESTER:

5 04:45:21 Q. Mr. Garlinghouse writes to Mr. [REDACTED]

6 04:45:25 discussing Mr. Hinman's speech; is that right?

7 04:45:30 A. As I read this, it looks like

8 04:45:34 Mr. Garlinghouse is explaining some key details

9 04:45:42 about the XRP ecosystem to Mr. [REDACTED].

10 04:45:47 Q. Okay. And Mr. [REDACTED] replies:

11 04:45:48 "You have convinced me and I

12 04:45:50 am curious why the SEC has dragged

13 04:45:53 their heels on XRP. Is there any

14 04:45:54 rationale they have shared with

15 04:45:56 you. You can bet that I will raise

16 04:45:58 this."

17 04:45:58 Do you see that?

18 04:45:59 A. I see that. And it's terrific.

19 04:46:01 Q. Do you have an understanding of what

20 04:46:05 Mr. [REDACTED] would raise?

21 04:46:10 A. Well, I'm assuming, from this, that he

22 04:46:12 would raise his belief that XRP is a currency, as we

23 04:46:15 have always believed. And someone like

24 04:46:18 Mr. [REDACTED] -- I mean, you don't get any more

25 04:46:22 experienced or intelligent or successful in

1 04:46:26 financial markets as Mr. [REDACTED]

2 04:46:29 Q. With whom would he raise this?

3 04:46:34 A. Well, I believe he was on a panel with

4 04:46:36 Mr. Clayton around this time, if I remember

5 04:46:39 correctly.

6 04:46:41 Q. Okay. So you write:

7 04:46:42 "Here we go. Nice job, Brad."

8 04:46:45 Do you see that?

9 04:46:46 A. I do.

10 04:46:47 Q. And that's in response to your

11 04:46:48 understanding that Mr. [REDACTED] would raise this

12 04:46:49 with Mr. Clayton?

13 04:46:51 A. That's my understanding about how awesome

14 04:46:56 it is to have someone like Mr. [REDACTED] understand

15 04:47:03 these markets so well.

16 04:47:08 Q. Okay. Mr. Larsen, you've referred to

17 04:47:12 Bitcoin maximalists a few times today; is that

18 04:47:15 correct?

19 04:47:16 A. I have.

20 04:47:16 Q. Did XRP have maximalists?

21 04:47:20 A. There are definitely some very passionate

22 04:47:26 people in the XRP ecosystem, every bit as equal as

23 04:47:32 people in the Bitcoin ecosystem or the Ethereum

24 04:47:35 ecosystem.

25 04:47:36 Q. Who are those people?

1 04:47:37 A. Are you asking me to name them?

2 04:47:38 Q. Yes. If you know their names.

3 04:47:41 A. You're talking about millions of people

4 04:47:42 all over the world.

5 04:47:43 Q. Okay. So not anyone in specific that

6 04:47:45 springs to mind?

7 04:47:50 A. Well, you were comparing them to Bitcoin

8 04:47:52 maximalists. Those are also millions of people all

9 04:47:55 over the world.

10 04:47:56 Q. Are you familiar with the term "XRP Army"?

11 04:47:59 A. I've heard that term.

12 04:48:00 Q. Okay. Would you consider the XRP Army to

13 04:48:02 be XRP maximalists?

14 04:48:05 MR. FLUMENBAUM: Objection as to form.

15 04:48:06 THE WITNESS: I would consider that

16 04:48:07 definition to be -- equate to people that are as

17 04:48:12 passionate about Bitcoin's technology and as

18 04:48:16 passionate about Ethereum's technology. It's very

19 04:48:20 much equivalent.

20 04:48:25 BY MR. SYLVESTER:

21 04:48:25 Q. And the XRP Army is as passionate about

22 04:48:28 XRP; is that right?

23 04:48:31 A. Just to be clear, that's not a term that I

24 04:48:33 use. But, you know, it's a term that's out there.

25 04:48:36 But, again, that is really defining the ecosystem of

1 04:48:46 XRP. Exactly the same thing as the ecosystem of
2 04:48:48 Ethereum and the ecosystem of Bitcoin. These are
3 04:48:53 competing technology ecosystems, and the rivalry
4 04:48:59 between them is intense, to say the least.

5 04:49:03 MR. SYLVESTER: Okay. Let's look at

6 04:49:04 Exhibit 148, please.

7 04:49:10 MR. MOYE: 148?

8 04:49:10 MR. SYLVESTER: Yes.

9 04:49:14 ZOOM PARTICIPANT: Repeat the exhibit

10 04:49:15 number, please.

11 04:49:16 MR. SYLVESTER: Sure. 148.

12 04:49:18 ZOOM PARTICIPANT: 148, thank you.

13 04:49:18 MR. SYLVESTER: And, for the record, since

14 04:49:20 this document doesn't bear a Bates stamp, it's

15 04:49:22 Larsen SEC_LIT 00003738.

16 04:49:36 (Whereupon, Deposition Exhibit CL-148

17 04:49:36 was marked for identification.)

18 04:49:36 BY MR. SYLVESTER:

19 04:50:07 Q. For the record, this appears to be a text

20 04:50:08 message from [REDACTED] to Chris Larsen, dated

21 04:50:13 July 17th, 2018.

22 04:50:15 A. I see that, yes.

23 04:50:17 Q. Okay. Who is Mr. [REDACTED]?

24 04:50:20 A. Mr. [REDACTED] is a very successful, recently

25 04:50:25 private equity investor. Then was so successful he

1 04:50:30 created his own fund, and he is an extremely active

2 04:50:34 investor in financial technology. And he's an

3 04:50:39 investor in Ripple.

4 04:50:43 Q. Mr. [REDACTED] is an equity investor in Ripple?

5 04:50:45 A. He is.

6 04:50:46 Q. Okay. Mr. [REDACTED] writes, the fifth point:

7 04:50:49 "Press hard on your lobbying

8 04:50:52 effort and SEC. Remember you and

9 04:50:54 Brad are the ultimate quarterbacks.

10 04:50:56 The lawyers and lobbyists work for

11 04:50:59 you. War room effort is needed."

12 04:51:01 Do you see that?

13 04:51:02 A. I do.

14 04:51:02 Q. Do you have an understanding of what

15 04:51:04 Mr. [REDACTED] meant by "war room effort is needed"?

16 04:51:07 MR. FLUMENBAUM: Objection as to form.

17 04:51:07 THE WITNESS: Yes. I think he's -- he's

18 04:51:08 talking about countering the misinformation campaign

19 04:51:12 that the Bitcoin maximalists and perhaps the

20 04:51:16 Ethereum maximalists and some of the investors in

21 04:51:19 both those ecosystems had been throwing at the XRP

22 04:51:26 ecosystem and through trying to tie it to Ripple.

23 04:51:33 BY MR. SYLVESTER:

24 04:51:33 Q. One of the things that Mr. [REDACTED] says is

25 04:51:36 "the lawyers and lobbyists work for you."

1 04:51:40 Do you see that?

2 04:51:41 A. I do.

3 04:51:41 Q. At the time of this text message, did

4 04:51:42 Ripple employ lobbyists?

5 04:51:49 MR. CERESNEY: Answer that yes or no.

6 04:51:50 THE WITNESS: Yes.

7 04:51:51 BY MR. SYLVESTER:

8 04:51:51 Q. Who did Ripple employ as lobbyists at the

9 04:51:55 time of this text message?

10 04:51:57 A. I don't remember the name or names of the

11 04:52:01 lobbying people. But they were very important at

12 04:52:06 this juncture of the development of the

13 04:52:09 cryptocurrency markets to make sure that it wasn't

14 04:52:14 just the Bitcoin and Ethereum voices that were

15 04:52:18 driving possible legislation in the U.S. around

16 04:52:25 cryptocurrency.

17 04:52:28 Q. Did Ripple retain any lobbying

18 04:52:33 firms -- strike that.

19 04:52:36 Had Ripple retained any lobbying firms by

20 04:52:40 July 2018?

21 04:52:41 MR. FLUMENBAUM: Objection as to form.

22 04:52:43 THE WITNESS: To the best of my knowledge,

23 04:52:44 yes.

24 04:52:44 BY MR. SYLVESTER:

25 04:52:44 Q. How many?

1 04:52:47 A. I don't know.

2 04:52:50 Q. Was it more than two?

3 04:52:52 MR. FLUMENBAUM: Objection as to form.

4 04:52:53 THE WITNESS: I don't know.

5 04:52:53 BY MR. SYLVESTER:

6 04:52:55 Q. Who at Ripple would know which lobbying

7 04:52:59 firms were retained?

8 04:53:01 A. The leadership group would know.

9 04:53:03 Q. Mr. Garlinghouse?

10 04:53:04 A. Yes.

11 04:53:05 Q. Okay. Did you have any role in retaining

12 04:53:09 lobbyists on behalf of Ripple?

13 04:53:11 A. Not at this time. Again, I was the

14 04:53:13 chairman.

15 04:53:14 Q. Okay. At any time, did you have a role in

16 04:53:17 retaining lobbyists on behalf of Ripple?

17 04:53:21 MR. FLUMENBAUM: Objection as to form.

18 04:53:22 THE WITNESS: Yes.

19 04:53:22 BY MR. SYLVESTER:

20 04:53:22 Q. When was that?

21 04:53:26 A. I don't recall the exact date.

22 04:53:28 Q. Was it while you were chairman?

23 04:53:30 A. No. It would be while I was CEO.

24 04:53:33 Q. Okay. Who did you retain as a lobbyist

25 04:53:36 for Ripple during the time you were CEO?

1 04:53:41 A. So [REDACTED] although technically I'm
2 04:53:44 not sure if they're a lobbyist or an advisor. And
3 04:53:48 [REDACTED] former interim director of the Consumer
4 04:53:54 Financial Protection Bureau, who I've known for a
5 04:53:59 long time. And I'm not sure if that's technically a
6 04:54:05 lobbyist or -- or what his designation is.
7 04:54:11 Q. Okay. Other than those two, were there
8 04:54:12 any lobbyists that you were involved in retaining
9 04:54:16 during your time as CEO?
10 04:54:17 MR. FLUMENBAUM: Objection as to form.
11 04:54:18 THE WITNESS: Not that I can recall.
12 04:54:19 BY MR. SYLVESTER:
13 04:54:19 Q. Okay. What was [REDACTED] objective as
14 04:54:30 a lobbyist?
15 04:54:31 MR. FLUMENBAUM: Objection as to form. I
16 04:54:32 think he testified that he wasn't sure whether they
17 04:54:34 were a lobbyist or not.
18 04:54:37 BY MR. SYLVESTER:
19 04:54:37 Q. Okay. Fair enough.
20 04:54:38 What was [REDACTED] hired to do for
21 04:54:40 Ripple?
22 04:54:42 A. They were hired to help us with important
23 04:54:48 compliance requirements, as well as helping us
24 04:54:53 understand where regulators were likely to be going
25 04:54:57 in the cryptocurrency industry, and to make sure

1 04:55:01 that we had good relations with all of the key
2 04:55:05 regulators that are responsible for regulating this
3 04:55:09 industry, mostly, of course, the money transmission
4 04:55:15 and treasury and FinCEN, Bank Secrecy Act, OFAC
5 04:55:21 folks, all the key regulatory areas for this
6 04:55:24 industry.

7 04:55:29 Q. One of the things you mentioned [REDACTED]
8 04:55:31 helped with was important compliance requirements.
9 04:55:34 Which requirements were those?

10 04:55:37 A. Like I mentioned, [REDACTED] was very
11 04:55:41 concerned that the cryptocurrency industry wasn't up
12 04:55:46 to the standards that would be required by the chief
13 04:55:51 regulator of this industry, treasury and FinCEN,
14 04:55:55 particularly around the money transmission, Know
15 04:55:57 Your Customer, preventing illegal activity, OFAC,
16 04:56:02 sanctioning of countries, for example. And that was
17 04:56:07 very helpful for us.

18 04:56:08 Q. Did [REDACTED] have any role with respect
19 04:56:10 to how the securities laws might or might not apply
20 04:56:16 to the cryptocurrency industry?

21 04:56:17 MR. FLUMENBAUM: Objection as to form.

22 04:56:21 THE WITNESS: Again, it was my -- my
23 04:56:23 understanding that that was not a key concern for
24 04:56:27 them, but that the concerns were around money
25 04:56:33 transmission, how value moves as currencies and

1 04:56:42 making sure that all the requirements on sanctioned

2 04:56:43 countries list, OFAC, were being followed.

3 04:56:48 As well as some of the opportunities that

4 04:56:51 this technology could be seen as an ally for folks

5 04:56:54 like the USAID, I believe it was, in helping refugee

6 04:57:01 communities and impoverished that had had an

7 04:57:04 interest in American policy be handled in a way that

8 04:57:07 was helpful and focused on that help.

9 04:57:11 BY MR. SYLVESTER:

10 04:57:11 Q. Understanding that it wasn't a key concern

11 04:57:13 for them, did [REDACTED] do any work whatsoever on

12 04:57:17 behalf of Ripple with respect to the application of

13 04:57:18 the securities laws to digital assets?

14 04:57:21 A. No.

15 04:57:21 MR. FLUMENBAUM: Objection as to form.

16 04:57:23 THE WITNESS: Not that I can recall.

17 04:57:26 BY MR. SYLVESTER:

18 04:57:26 Q. Why did Ripple have an interest in how the

19 04:57:29 cryptocurrency markets are regulated?

20 04:57:34 A. Well, as I -- as I mentioned before, there

21 04:57:39 are various ecosystems that are trying to move

22 04:57:44 legislation in a way that favors their ecosystems.

23 04:57:47 And, again, as I mentioned, [REDACTED] digital

24 04:57:54 currency group at [REDACTED] was very much in the Bitcoin

25 04:57:59 camp and trying to push that forward.

1 04:58:01 You mentioned [REDACTED] [REDACTED]
2 04:58:06 went so far as to tell regulators that the only
3 04:58:09 cryptocurrency ecosystems that work were ones that
4 04:58:13 employed mining, which is an outrageous statement.
5 04:58:18 And not only is that way more inefficient, but that
6 04:58:21 had become nearly completely centralized in China
7 04:58:24 under the control of the Chinese communist party.
8 04:58:28 Such an outrageous statement.
9 04:58:32 So it was very important that the XRP
10 04:58:37 interests, you know, are heard in Washington, just
11 04:58:44 as it is very important that the Ethereum voice is
12 04:58:50 heard from the Ethereum ecosystem.
13 04:58:52 Q. Why was it important to Ripple that the
14 04:58:54 XRP interests were heard in Washington?
15 04:58:57 A. Well, because the misinformation campaign
16 04:58:59 by the Bitcoin people like [REDACTED] and that division
17 04:59:04 of [REDACTED] their attack line was connecting Ripple to
18 04:59:09 the XRP Ledger and somehow saying that it was
19 04:59:15 centralized when, of course, that's an outrageous
20 04:59:19 statement. If Ripple did not exist, the XRP Ledger
21 04:59:23 would continue on. It's an enormous market existing
22 04:59:26 in hundreds of exchanges. Ripple is a small player
23 04:59:31 in the -- in the volume in those markets. So that's
24 04:59:35 the attack line. So that forced Ripple to counter
25 04:59:42 that with an effective education effort, again, to

1 04:59:47 counter that misinformation.

2 04:59:50 Q. You said Ripple was forced to counter that

3 04:59:53 misinformation with an education effort.

4 04:59:56 What did that education effort consist of?

5 04:59:59 A. Well, that would be on multiple levels.

6 05:00:02 But in Washington, that would be meeting with

7 05:00:07 political leaders, regulators and educating them,

8 05:00:10 for example, why the idea that only mining is a

9 05:00:17 relevant consensus method is utter nonsense and, in

10 05:00:21 fact, is counter to U.S. interests because that

11 05:00:24 favors China. And, of course, is extremely energy

12 05:00:29 wasteful and produces way too much CO2.

13 05:00:33 Q. Who in Washington did Ripple meet with?

14 05:00:36 MR. CERESNEY: You know, Mark, I've given

15 05:00:38 you a lot of latitude here, particularly in light of

16 05:00:40 the Judge's ruling on lobbyists. I know we had this

17 05:00:44 at the Zagone deposition, but I think that was a

18 05:00:46 different kind of situation because it was kind of

19 05:00:49 regulatory regulations. I've given you some

20 05:00:51 latitude here but, you know, I'm not going to allow

21 05:00:54 you to go too far down this road.

22 05:00:56 MR. SYLVESTER: Yeah, I've obviously read

23 05:00:58 the Judge's ruling, Andrew, and she didn't put any

24 05:01:00 restrictions whatsoever on asking about lobbying.

25 05:01:02 In fact, she told Ben, it's his record, and this is

1 05:01:03 mine.

2 05:01:03 MR. CERESNEY: Yeah. No. She told Ben

3 05:01:07 she'd allow it in that circumstance, given those

4 05:01:09 circumstances. So, you know, I don't know how much

5 05:01:10 more you have on this. I'm just putting you on

6 05:01:12 notice that at some point I'm going to draw the

7 05:01:14 line.

8 05:01:15 MR. SYLVESTER: Okay.

9 05:01:15 MR. FLUMENBAUM: Are you almost done on

10 05:01:15 this --

11 05:01:15 MR. SYLVESTER: Do you have any response?

12 05:01:16 MR. FLUMENBAUM: Are you almost done on

13 05:01:18 this issue?

14 05:01:18 MR. SYLVESTER: I'm going to ask the

15 05:01:20 questions I'm going to ask. You all can lodge your

16 05:01:23 objections.

17 05:01:25 Q. Who in Washington did Ripple meet with?

18 05:01:28 MR. FLUMENBAUM: What -- what time -- what

19 05:01:29 dates are you talking about? What timing are you

20 05:01:31 talking about?

21 05:01:34 MR. SYLVESTER: Mr. Larsen just told me

22 05:01:35 that there was a need to have -- to provide

23 05:01:40 education.

24 05:01:43 MR. FLUMENBAUM: I know what his answer

25 05:01:44 was. Now you're asking another question. What

1 05:01:47 dates are you asking this question about?

2 05:01:49 BY MR. SYLVESTER:

3 05:01:49 Q. Okay. Let's start with when you were CEO.

4 05:01:52 When you were CEO, who in Washington did Ripple meet

5 05:01:55 with?

6 05:01:58 A. So I haven't been part of those meetings

7 05:02:00 in Washington. That's other team members. So

8 05:02:05 I'm -- I can't recall those names.

9 05:02:07 Q. Okay. Let's -- let me ask a foundational

10 05:02:09 question just to make sure I have the time frame

11 05:02:11 correct.

12 05:02:12 When you were Ripple's CEO, did Ripple

13 05:02:15 meet with individuals in Washington?

14 05:02:18 A. Not that I can recall in Washington, but

15 05:02:21 we did meet with people here on the West Coast, FBI,

16 05:02:26 law enforcement, to make sure that we were good

17 05:02:29 stewards. So all of those key needs to prevent

18 05:02:33 illegal activity on these new technologies.

19 05:02:37 Q. Okay. Earlier you testified, Mr. Larsen,

20 05:02:52 that Ripple needed to counter misinformation with an

21 05:02:56 effective education effort. Is that right?

22 05:02:58 A. That's right.

23 05:02:59 Q. And part of that was meeting with

24 05:03:01 individuals in Washington; is that right?

25 05:03:04 A. Correct.

1 05:03:05 Q. What time frame did those meetings in

2 05:03:07 Washington occur?

3 05:03:15 A. Well, I think that has ramped up as the

4 05:03:19 industry has grown and as its legislation seemed to

5 05:03:25 be percolating at least.

6 05:03:32 Q. In terms of industry ramp-up, would you

7 05:03:34 say that started in 2017?

8 05:03:36 MR. FLUMENBAUM: Objection as to form.

9 05:03:39 THE WITNESS: Well, it's really been tied

10 05:03:40 to the growth of the overall cryptocurrency markets.

11 05:03:43 And as more and more activity within finance has

12 05:03:47 gone into blockchains and as more corporations have

13 05:03:51 talked about blockchain with their regulators and as

14 05:03:54 more venture capital funds have gotten involved in

15 05:03:59 the space.

16 05:03:59 BY MR. SYLVESTER:

17 05:03:59 Q. Right.

18 05:03:59 And sort of around when did that happen?

19 05:04:02 Was it 2017?

20 05:04:03 A. Well, no, it's not 2017. As I said, it's

21 05:04:05 been a ramp-up as the industry has grown, you know,

22 05:04:09 from the earliest days. Although you probably

23 05:04:12 ignore 2011, but certainly when -- 2013 when FinCEN

24 05:04:18 issued its key guidance on the crypto space, I think

25 05:04:23 that was kind of Washington's entry point.

1 05:04:25 Q. When did Ripple first meet with anyone in

2 05:04:29 Washington as part of its education campaign that

3 05:04:31 you described?

4 05:04:32 A. I don't recall.

5 05:04:35 Q. But it was after you were CEO; is that

6 05:04:37 right?

7 05:04:40 A. I don't recall.

8 05:04:43 Q. Okay. Do you recall anyone at all that

9 05:04:46 Ripple met with in Washington as part of its

10 05:04:49 education campaign you described?

11 05:04:51 MR. FLUMENBAUM: Objection as to form.

12 05:04:58 Asked and answered.

13 05:04:58 Go ahead.

14 05:04:59 THE WITNESS: I'm confident we met with a

15 05:05:02 number of regulatory leaders and political leaders.

16 05:05:10 BY MR. SYLVESTER:

17 05:05:10 Q. Who?

18 05:05:12 MR. FLUMENBAUM: You know --

19 05:05:13 THE WITNESS: I can't recall exact names.

20 05:05:14 MR. SYLVESTER: Okay. He can't recall.

21 05:05:15 He can't recall. I'm entitled to ask for his

22 05:05:18 answer.

23 05:05:18 MR. FLUMENBAUM: Well, you know, there is

24 05:05:19 a doctrine that protects this conduct.

25 05:05:23 MR. SYLVESTER: Yes. The Judge didn't

1 05:05:24 reach that in our order.

2 05:05:25 MR. FLUMENBAUM: And you're getting to the

3 05:05:26 point where you're --

4 05:05:29 MR. SYLVESTER: Listen, Marty, let me ask

5 05:05:30 the questions. We're wasting time. Let me ask the

6 05:05:32 questions, you lodge your objections, okay?

7 05:05:35 MR. FLUMENBAUM: Well, there's some that

8 05:05:36 I'm not going to let you answer.

9 05:05:38 MR. SYLVESTER: I hear what you're saying.

10 05:05:39 MR. FLUMENBAUM: Yeah.

11 05:05:39 MR. SYLVESTER: I'm saying --

12 05:05:39 MR. FLUMENBAUM: Okay.

13 05:05:39 MR. SYLVESTER: -- I'll ask the questions,

14 05:05:41 you'll lodge your objections.

15 05:05:43 All right. Let's look at Exhibit 158,

16 05:05:47 please.

17 05:05:56 MR. FLUMENBAUM: We'll take a break after

18 05:05:57 this exhibit, okay.

19 05:05:58 MR. SYLVESTER: That's fine.

20 05:06:00 (Whereupon, Deposition Exhibit CL-158

21 05:06:06 was marked for identification.)

22 05:06:25 ZOOM PARTICIPANT: Exhibit 158?

23 05:06:26 MR. SYLVESTER: That's right.

24 05:07:03 THE WITNESS: Okay.

25 / /

1 05:07:05 BY MR. SYLVESTER:

2 05:07:05 Q. This is a set of emails. Top email dated

3 05:07:11 October 22nd, 2018, from you, Mr. Larsen, to

4 05:07:14 Mr. [REDACTED]

5 05:07:15 Do you see that?

6 05:07:16 A. I see that.

7 05:07:17 Q. Who is [REDACTED]?

8 05:07:19 A. [REDACTED] used to be, I believe, the

9 05:07:22 [REDACTED] to President Trump.

10 05:07:25 Q. And Mr. [REDACTED] offered to speak to

11 05:07:28 President Trump on Ripple's behalf?

12 05:07:30 A. That came kind of secondhand.

13 05:07:38 Q. That offer came to Ripple kind of

14 05:07:39 secondhand?

15 05:07:40 A. No. It came to me personally secondhand

16 05:07:43 from another friend who knows him.

17 05:07:45 Q. I see.

18 05:07:48 Okay. Did Ripple hire Mr. [REDACTED]?

19 05:07:50 THE WITNESS: I think I can answer that.

20 05:07:58 MR. FLUMENBAUM: You can answer yes or no,

21 05:07:59 you can answer that question.

22 05:08:00 THE WITNESS: Yeah. I hired him some time

23 05:08:03 later. I wish I had hired him at this point. He's

24 05:08:07 a terrific guy.

25 / /

1 05:08:08 BY MR. SYLVESTER:

2 05:08:08 Q. For what purpose did you hire Mr. [REDACTED]?

3 05:08:14 A. I've hired him to help out also with sort

4 05:08:20 of misinformation, you know, campaign.

5 05:08:25 Q. How has Mr. [REDACTED] helped out with the

6 05:08:28 misinformation campaign?

7 05:08:31 MR. FLUMENBAUM: Mr. [REDACTED] is an

8 05:08:32 attorney, and I believe he's been hired as an

9 05:08:37 attorney.

10 05:08:38 THE WITNESS: Yeah, I can't distinguish --

11 05:08:40 MR. FLUMENBAUM: I'm not going to let you

12 05:08:41 get into that.

13 05:08:42 BY MR. SYLVESTER:

14 05:08:42 Q. Mr. [REDACTED] is your attorney?

15 05:08:46 A. He is an attorney, yes.

16 05:08:47 Q. That's not what I asked. He's your

17 05:08:50 attorney?

18 05:08:51 A. Yes.

19 05:08:51 MR. FLUMENBAUM: His activities are based

20 05:08:53 on him being an attorney.

21 05:08:54 BY MR. SYLVESTER:

22 05:08:55 Q. Has Mr. -- have you sought legal advice

23 05:08:56 from Mr. [REDACTED]?

24 05:08:58 A. I don't think I can distinguish between

25 05:09:02 that distinction.

1 05:09:05 Q. I'm not sure what distinction you mean.

2 05:09:07 That was just a yes-or-no question.

3 05:09:08 MR. FLUMENBAUM: I'm going to instruct him

4 05:09:09 not to answer questions about --

5 05:09:11 MR. SYLVESTER: He sought legal advice.

6 05:09:12 MR. FLUMENBAUM: -- what he discussed with

7 05:09:14 Mr. [REDACTED]. You haven't established when he was

8 05:09:18 hired. You haven't established -- you know, and I

9 05:09:22 think if you did, you would understand that it's

10 05:09:25 related to this particular proceeding.

11 05:09:28 MR. SYLVESTER: Okay. Let me ask the

12 05:09:29 date, then.

13 05:09:30 Q. When did you hire Mr. [REDACTED]

14 05:09:36 A. That was --

15 05:09:37 MR. CERESNEY: You know what, I think we

16 05:09:38 should take the break now because this is a

17 05:09:41 privilege issue and we should discuss it before he

18 05:09:44 answers.

19 05:09:44 MR. SYLVESTER: Okay.

20 05:09:45 THE VIDEOGRAPHER: We are off the record

21 05:09:46 at 5:09 p.m.

22 05:09:47 (Whereupon, a recess was taken.)

23 05:18:59 THE VIDEOGRAPHER: This is the start of

24 05:24:58 File Number 6. We're back on the record at

25 05:25:00 5:25 p.m.

1 05:25:01 BY MR. SYLVESTER:

2 05:25:03 Q. Okay. Mr. Larsen, when did you hire

3 05:25:06 Mr. [REDACTED]?

4 05:25:08 MR. FLUMENBAUM: I'm going to answer that

5 05:25:09 question on behalf of Mr. Larsen. Mr. [REDACTED] was

6 05:25:12 hired after the SEC filed its complaint in this

7 05:25:17 case, and he was hired as an attorney.

8 05:25:20 BY MR. SYLVESTER:

9 05:25:21 Q. What was the subject of the legal advice

10 05:25:22 that Mr. [REDACTED] provided?

11 05:25:25 MR. FLUMENBAUM: I'm not giving you any

12 05:25:26 further information other than that sentence. If

13 05:25:28 you want to go to the court, go to the court.

14 05:25:34 MR. TENREIRO: I think the question was

15 05:25:34 like he was a trust and estates lawyer, a securities

16 05:25:37 lawyer, just like what --

17 05:25:39 MR. FLUMENBAUM: I'm not giving you --

18 05:25:40 it's related to this litigation.

19 05:25:53 BY MR. SYLVESTER:

20 05:25:53 Q. And for the record, to clarify, Ripple

21 05:25:55 never hired Mr. [REDACTED] is that right?

22 05:25:58 MR. SYLVESTER: Ripple, not Mr. Larsen.

23 05:26:02 MR. FLUMENBAUM: To your knowledge,

24 05:26:02 Mr. Larsen, you can answer that either yes or no.

25 05:26:07 THE WITNESS: Not to my knowledge.

1 05:26:08 BY MR. SYLVESTER:

2 05:26:08 Q. Okay. Did Ripple ever hire anyone to

3 05:26:12 lobby Mr. Trump, President Trump directly?

4 05:26:16 MR. FLUMENBAUM: Objection as to form.

5 05:26:25 MR. CERESNEY: Mark, what's the relevance

6 05:26:27 of that?

7 05:26:29 MR. FORD: Andrew, you guys in your first

8 05:26:30 letter said that this was like a last minute case by

9 05:26:33 the Trump administration right at the door. I mean,

10 05:26:35 come on.

11 05:26:36 MR. CERESNEY: We didn't say Trump

12 05:26:36 administration.

13 05:26:37 MR. FORD: Sure you did. The party

14 05:26:38 administration.

15 05:26:40 MR. CERESNEY: We did not attribute it to

16 05:26:42 the Trump administration.

17 05:26:43 MR. FORD: You did, you did.

18 05:26:45 MR. CERESNEY: But what does that have to

19 05:26:47 do with the question about the relevance of this?

20 05:26:49 MR. SYLVESTER: Again, it's a deposition,

21 05:26:50 it's my record, it's one question. What's your

22 05:26:53 objection?

23 05:26:53 MR. CERESNEY: My objection is relevance,

24 05:26:55 particularly based on the Judge's prior ruling on

25 05:26:58 these issues.

1 05:26:59 MR. SYLVESTER: Again, we disagree on what

2 05:27:00 the Judge's ruling was.

3 05:27:02 MR. CERESNEY: We can disagree on that.

4 05:27:02 MR. SYLVESTER: Well, the Judge didn't

5 05:27:02 rule on this question so ...

6 05:27:02 MR. CERESNEY: Do you want to call the

7 05:27:04 Judge now?

8 05:27:04 MR. SYLVESTER: The Judge, I'm sure, is

9 05:27:06 out of chambers by now.

10 05:27:08 MR. CERESNEY: I would imagine that's

11 05:27:08 right.

12 05:27:09 MR. SYLVESTER: Okay. So are you

13 05:27:09 instructing him not to answer?

14 05:27:12 MR. CERESNEY: Do you know the answer to

15 05:27:13 that question?

16 05:27:14 THE WITNESS: No. Not to my knowledge.

17 05:27:15 BY MR. SYLVESTER:

18 05:27:18 Q. Okay. Mr. Larsen, did anyone on Ripple's

19 05:27:24 staff contact anyone on Senator Cotton's staff?

20 05:27:29 MR. FLUMENBAUM: I'm going to instruct him

21 05:27:30 not to answer these questions. You're getting into

22 05:27:32 the Noerr-Pennington doctrine. This is highly

23 05:27:35 inappropriate.

24 05:27:35 MR. SYLVESTER: Yeah, the Judge didn't --

25 05:27:35 MR. FLUMENBAUM: This is privileged. If

1 05:27:36 anyone -- if anyone did, it's a privileged

2 05:27:40 communication. It's permitted by the Constitution,

3 05:27:41 and it's not subject to this deposition.

4 05:27:46 MR. SYLVESTER: Okay. So you're

5 05:27:46 instructing him not to answer?

6 05:27:48 MR. FLUMENBAUM: I'm instructing him not

7 05:27:49 to answer.

8 05:27:49 BY MR. SYLVESTER:

9 05:27:49 Q. Okay. Are you going to follow your

10 05:27:51 counsel's instruction?

11 05:27:52 A. Yes.

12 05:27:53 Q. Okay. Mr. Larsen, did you donate to

13 05:28:06 Senator Cotton?

14 05:28:07 MR. FLUMENBAUM: Objection. Lack of

15 05:28:08 relevance, invasion of privacy.

16 05:28:11 MR. SYLVESTER: That's public information,

17 05:28:12 Marty.

18 05:28:13 MR. FLUMENBAUM: Well, then, if it's

19 05:28:14 public information, you don't need his answer here.

20 05:28:17 This is not appropriate.

21 05:28:19 BY MR. SYLVESTER:

22 05:28:20 Q. You can answer the question.

23 05:28:24 THE WITNESS: Are you saying I can't

24 05:28:26 answer the question?

25 05:28:27 MR. FLUMENBAUM: Andrew, what do you

1 05:28:28 think?

2 05:28:30 MR. CERESNEY: If it's public information,

3 05:28:30 Mark, you can just look it up.

4 05:28:32 MR. SYLVESTER: Then he can just tell me.

5 05:28:34 It's not an invasion of privacy.

6 05:28:36 MR. CERESNEY: Why is a political donation

7 05:28:37 that he may or may not have made to Mr. Cotton, why

8 05:28:42 does that have any potential relevance to this

9 05:28:45 matter?

10 05:28:45 MR. SYLVESTER: I mean, I think you know.

11 05:28:46 MR. CERESNEY: I actually don't.

12 05:28:48 MR. SYLVESTER: Okay.

13 05:28:52 MR. CERESNEY: You want to make a proffer

14 05:28:53 as to why it's relevant?

15 05:28:54 MR. FLUMENBAUM: Yeah, let's --

16 05:28:55 MR. SYLVESTER: Yeah. Sure. I'd be happy

17 05:28:56 to. Senator Cotton called CorpFin staff inquiring

18 05:29:00 about XRP.

19 05:29:02 MR. FLUMENBAUM: You're asking for the

20 05:29:03 notes.

21 05:29:04 MR. CERESNEY: Right. Okay. And so why

22 05:29:05 is that relevant whether he might have given a

23 05:29:09 political donation to him or not?

24 05:29:10 MR. TENREIRO: Because -- just continue,

25 05:29:10 Mark.

1 05:29:11 MR. SYLVESTER: Okay. I think the
2 05:29:12 relevance speaks for itself on that one. Are you
3 05:29:15 instructing him not to answer?
4 05:29:16 MR. FLUMENBAUM: You're opening up stuff
5 05:29:18 in this case that is going to plague you guys for --
6 05:29:21 you know, there's still another period of discovery
7 05:29:23 after this -- after these two depositions. And
8 05:29:27 you're going to open yourself up by asking these
9 05:29:29 questions. You better rethink this, Mark.
10 05:29:33 MR. SYLVESTER: Thank you for the speech,
11 05:29:34 Marty.
12 05:29:34 Is anyone instructing the witness not to
13 05:29:37 answer or may he answer?
14 05:29:40 MR. CERESNEY: It's public information, so
15 05:29:43 you can answer the question.
16 05:29:44 THE WITNESS: Yes.
17 05:29:44 BY MR. SYLVESTER:
18 05:29:46 Q. Why did you donate to Senator Cotton?
19 05:29:49 MR. FLUMENBAUM: Objection. Instruction
20 05:29:50 not to answer under Noerr-Pennington.
21 05:29:53 MR. SYLVESTER: Okay. We reserve all
22 05:29:54 rights.
23 05:29:55 MR. FLUMENBAUM: Of course.
24 05:29:55 BY MR. SYLVESTER:
25 05:30:08 Q. Mr. Larsen, are you familiar with the

1 05:30:10 messaging application Signal?

2 05:30:12 A. Yes.

3 05:30:13 Q. Have you ever used Signal?

4 05:30:15 A. Yes.

5 05:30:15 Q. When did you start using Signal?

6 05:30:19 A. I don't recall the date.

7 05:30:20 Q. Okay. Did you start using Signal during

8 05:30:22 the time that you were Ripple's CEO?

9 05:30:30 A. Not that I recall.

10 05:30:31 Q. Was it before or after the time you were

11 05:30:33 Ripple's CEO?

12 05:30:34 A. I believe it was after.

13 05:30:36 Q. Okay. You're familiar with the feature of

14 05:30:39 Signal that permits to you set messages to

15 05:30:41 disappear?

16 05:30:43 MR. FLUMENBAUM: Objection as to form.

17 05:30:44 THE WITNESS: Yes.

18 05:30:45 BY MR. SYLVESTER:

19 05:30:45 Q. Okay. Did you ever set your messages to

20 05:30:47 disappear using Signal?

21 05:30:52 A. I don't recall what the default settings

22 05:30:53 were.

23 05:30:57 Q. I see. So it's possible that the default

24 05:31:02 settings with the Signal application that you set

25 05:31:05 messages to delete; is that right?

1 05:31:07 MR. FLUMENBAUM: Objection as to form.

2 05:31:09 THE WITNESS: I don't really know that

3 05:31:10 much about the application.

4 05:31:12 BY MR. SYLVESTER:

5 05:31:12 Q. Okay. Are you aware of whether or not

6 05:31:13 Signal has ever deleted messages from your phone?

7 05:31:16 MR. FLUMENBAUM: Objection as to form.

8 05:31:23 THE WITNESS: You know, again, I'm not

9 05:31:27 that familiar with the application and how that all

10 05:31:30 works.

11 05:31:31 BY MR. SYLVESTER:

12 05:31:31 Q. When -- strike that.

13 05:31:37 Did you ever use Signal to provide

14 05:31:39 instructions regarding selling Ripple's XRP?

15 05:31:42 A. Not to my knowledge.

16 05:31:43 Q. Okay. Did you ever use Signal to provide

17 05:31:45 instructions regarding selling of your own XRP?

18 05:31:48 A. Not that I can recall.

19 05:31:53 Q. Did you ever use Signal to communicate

20 05:31:56 with Mr. Garlinghouse?

21 05:31:58 A. Yes. But we use that for phone calls from

22 05:32:01 time to time, particularly when he was overseas.

23 05:32:04 Q. Did you use Signal's text messaging

24 05:32:06 feature to communicate with Mr. Garlinghouse?

25 05:32:08 A. Rarely. It's more effective as a phone --

1 05:32:12 secure phone line.

2 05:32:13 Q. Okay. Did you ever use Signal to

3 05:32:15 communicate with Mr. Garlinghouse via text message

4 05:32:17 about XRP?

5 05:32:20 MR. FLUMENBAUM: Objection as to form.

6 05:32:21 THE WITNESS: Not that I can recall.

7 05:32:22 BY MR. SYLVESTER:

8 05:32:22 Q. Okay. Did you ever use Signal's text

9 05:32:26 messaging feature to communicate with

10 05:32:27 Mr. Garlinghouse about any Ripple business?

11 05:32:31 MR. FLUMENBAUM: Objection as to form.

12 05:32:31 THE WITNESS: Not that I can recall.

13 05:32:33 BY MR. SYLVESTER:

14 05:32:33 Q. Okay. Have you ever used Signal -- strike

15 05:32:37 that.

16 05:32:38 Have you ever used Signal's text message

17 05:32:40 feature to communicate with any Ripple board member?

18 05:32:43 MR. FLUMENBAUM: Objection as to form.

19 05:32:44 THE WITNESS: Not that I can recall.

20 05:32:46 BY MR. SYLVESTER:

21 05:32:46 Q. Okay. Have you ever used Signal's

22 05:32:48 messaging feature to communicate with any Ripple

23 05:32:51 employee?

24 05:32:52 MR. FLUMENBAUM: Objection as to form.

25 05:32:53 THE WITNESS: Not that I can recall.

1 05:32:57 BY MR. SYLVESTER:

2 05:32:57 Q. Other than Mr. Garlinghouse?

3 05:32:59 A. Correct.

4 05:33:25 Q. When you were Ripple's CEO, Ripple sold

5 05:33:28 XRP over the counter from time to time?

6 05:33:30 MR. FLUMENBAUM: Objection. Asked and

7 05:33:31 answered.

8 05:33:31 THE WITNESS: Sorry, can you repeat the

9 05:33:32 question, please.

10 05:33:33 BY MR. SYLVESTER:

11 05:33:33 Q. Sure. When you were Ripple's CEO, Ripple

12 05:33:36 sold XRP over the counter from time to time?

13 05:33:38 MR. FLUMENBAUM: Objection. Asked and

14 05:33:39 answered. We had a whole discussion about what over

15 05:33:41 the counter meant.

16 05:33:43 MR. SYLVESTER: Marty, I was asking about

17 05:33:45 his personal sales. This is about Ripple's sales.

18 05:33:51 MR. FLUMENBAUM: Well, it wasn't clear to

19 05:33:52 me from your question. I thought you were talking

20 05:33:54 about Ripple sales again.

21 05:33:55 MR. SYLVESTER: I am talking about

22 05:33:56 Ripple's sales now. I was talking about his

23 05:33:58 personal sales before.

24 05:33:59 MR. FLUMENBAUM: I thought you were

25 05:34:00 talking about Ripple's sales then too. Go ahead.

1 05:34:03 THE WITNESS: Sorry, the question was

2 05:34:04 about OTCs specifically?

3 05:34:06 MR. SYLVESTER: Yeah. Kat, do you want to

4 05:34:08 read it back? Thank you.

5 05:34:09 (Record read by the reporter

6 05:34:09 as follows:

7 05:34:17 "QUESTION: When you were

8 05:34:17 Ripple's CEO, Ripple sold XRP over

9 05:34:17 the counter from time to time?"

10 05:34:25 THE WITNESS: To the best of my

11 05:34:25 recollection, yes.

12 05:34:27 BY MR. SYLVESTER:

13 05:34:27 Q. Okay. You had a role in some of those

14 05:34:28 over-the-counter sales?

15 05:34:31 MR. FLUMENBAUM: Objection as to form.

16 05:34:33 THE WITNESS: Are you talking about when I

17 05:34:34 was CEO?

18 05:34:36 BY MR. SYLVESTER:

19 05:34:36 Q. Good clarification. Yes. When you were

20 05:34:38 CEO.

21 05:34:38 A. In my role as CEO, I do oversee the

22 05:34:45 overall company, however, team members would be

23 05:34:49 responsible for activities like that.

24 05:34:53 Q. Did you approve Ripple's OTC sales during

25 05:34:55 the time that you were CEO?

1 05:35:00 MR. FLUMENBAUM: Objection as to form.

2 05:35:00 THE WITNESS: In my capacity as CEO, I

3 05:35:02 would have had to have approved just by nature of

4 05:35:05 my -- my role.

5 05:35:07 BY MR. SYLVESTER:

6 05:35:07 Q. Okay. When you were Ripple's CEO, did you

7 05:35:10 make efforts to find buyers for Ripple's XRP?

8 05:35:14 MR. FLUMENBAUM: Objection as to form.

9 05:35:15 THE WITNESS: Not that I can recall.

10 05:35:17 BY MR. SYLVESTER:

11 05:35:17 Q. Okay. When you were Ripple's CEO, did you

12 05:35:20 participate in any negotiations of XRP sales?

13 05:35:25 MR. FLUMENBAUM: Objection as to form.

14 05:35:26 THE WITNESS: Not that I can recall.

15 05:35:27 MR. SYLVESTER: Let's look at Exhibit 26,

16 05:35:36 please.

17 05:35:37 (Whereupon, Deposition Exhibit CL-26

18 05:35:53 was marked for identification.)

19 05:36:05 THE WITNESS: Okay. I see it.

20 05:39:12 BY MR. SYLVESTER:

21 05:39:12 Q. Okay. So Exhibit 26 is a thread of emails

22 05:39:17 among Mr. Rapoport, you and [REDACTED]; is that

23 05:39:21 right?

24 05:39:21 A. Yes, that's right.

25 05:39:22 Q. Subject line, "XRP bulk purchase," dated

1 05:39:25 July 22nd, 2014?

2 05:39:26 A. Yes.

3 05:39:30 Q. Who is Mr. [REDACTED]?

4 05:39:32 A. [REDACTED] is a very early

5 05:39:36 cryptocurrency fund creator, manager and long-time

6 05:39:44 fintech entrepreneur.

7 05:39:48 Q. He was interested in purchasing XRP?

8 05:39:51 MR. FLUMENBAUM: Objection as to form.

9 05:39:55 THE WITNESS: Potentially.

10 05:39:55 BY MR. SYLVESTER:

11 05:39:55 Q. Did he ultimately purchase XRP?

12 05:39:59 A. I don't recall.

13 05:40:03 Q. Did Mr. [REDACTED] or his fund purchase XRP

14 05:40:06 at any point in time from Ripple?

15 05:40:08 MR. FLUMENBAUM: Objection as to form.

16 05:40:08 THE WITNESS: To my understanding, yes.

17 05:40:10 BY MR. SYLVESTER:

18 05:40:10 Q. For what purpose did Mr. [REDACTED] or his

19 05:40:18 fund purchase XRP from Ripple?

20 05:40:20 MR. FLUMENBAUM: Objection as to form.

21 05:40:25 THE WITNESS: He, as I mentioned, ran a

22 05:40:26 series of cryptocurrency funds, and I believe he

23 05:40:30 wanted to add XRP to one or several of his funds.

24 05:40:35 BY MR. SYLVESTER:

25 05:40:35 Q. Okay. Looking at page ending -462, there

1 05:40:41 appears to be an email from you to Mr. [REDACTED] and

2 05:40:44 Mr. Rapoport.

3 05:40:46 Do you see that?

4 05:40:46 A. Yes.

5 05:40:47 Q. You say -- you begin and say:

6 05:40:49 "Here are the terms we're

7 05:40:50 using now for large blocks of XRP."

8 05:40:52 Is that right?

9 05:40:53 A. I see that.

10 05:40:54 Q. And then there's a number of terms that

11 05:40:55 you list below that.

12 05:40:57 Do you see that?

13 05:40:57 A. I do.

14 05:40:58 Q. Did you set those terms?

15 05:41:00 A. I believe those were set by Phil Rapoport,

16 05:41:06 but because I had a relationship, long relationship

17 05:41:08 with [REDACTED] that Phil thought it was a good thing

18 05:41:15 for me to talk to him about it.

19 05:41:17 Q. Did Mr. Rapoport consult with you on what

20 05:41:20 sale terms to set for Mr. [REDACTED]

21 05:41:23 A. To the best of my recollection, yes.

22 05:41:24 Q. And did you approve those terms?

23 05:41:30 A. To the best of my recollection, yes.

24 05:41:32 Q. Right under "size," do you see where it

25 05:41:34 says "lockup"?

1 05:41:36 A. I'm sorry, which page are you on?

2 05:41:37 Q. We're on 462.

3 05:41:44 A. Yes, I see that.

4 05:41:44 Q. Okay. After lockup, you say:

5 05:41:46 "No XRP can be sold for [REDACTED]"

6 05:41:48 [REDACTED]"

7 05:41:49 Do you see that?

8 05:41:49 A. Yes.

9 05:41:50 Q. What was the purpose of that lockup

10 05:41:51 provision?

11 05:41:54 A. I believe the purpose was that [REDACTED] is a

12 05:41:57 long-time holder, so for exchange in holding the

13 05:42:03 cryptocurrency for a period of time, that he would

14 05:42:10 get a discount, liquidity discount, if you will,

15 05:42:16 from the spot market price.

16 05:42:18 Q. Why did you want Mr. [REDACTED] to hold the

17 05:42:21 XRP for a period of time?

18 05:42:23 MR. FLUMENBAUM: Objection as to form.

19 05:42:27 THE WITNESS: That would be a constructive

20 05:42:29 thing for building liquidity.

21 05:42:35 BY MR. SYLVESTER:

22 05:42:35 Q. How would Mr. [REDACTED] holding the XRP

23 05:42:38 for [REDACTED] be a constructive thing for building

24 05:42:41 liquidity?

25 05:42:42 MR. FLUMENBAUM: Objection as to form.

1 05:42:47 THE WITNESS: Because if Mr. [REDACTED]
2 05:42:49 included XRP in the cryptocurrencies in his fund,
3 05:42:56 that would be a constructive thing, it likely would
4 05:42:59 be, you know, brought into the ecosystem.
5 05:43:04 BY MR. SYLVESTER:
6 05:43:04 Q. Did you have any concern that if
7 05:43:06 Mr. [REDACTED] immediately resold the XRP, it would
8 05:43:09 depress XRP's price?
9 05:43:11 MR. FLUMENBAUM: Objection as to form.
10 05:43:14 THE WITNESS: Well, again, what
11 05:43:16 Mr. [REDACTED] is doing is trading liquidity, the
12 05:43:22 ability to sell for a discount to the spot price.
13 05:43:30 So that's entirely -- that's a financial
14 05:43:33 calculation.
15 05:43:37 BY MR. SYLVESTER:
16 05:43:37 Q. You write a little further down after the
17 05:43:39 list of terms:
18 05:43:40 "We are in the process of
19 05:43:41 putting together a block purchase
20 05:43:42 for some hedge fund investors with
21 05:43:45 these same terms."
22 05:43:46 Do you see that?
23 05:43:47 A. Yes.
24 05:43:47 Q. Did Ripple sell XRP in blocks to hedge
25 05:43:51 fund investors?

1 05:43:54 A. I don't recall.

2 05:43:59 Q. Were you a part of any discussions with

3 05:44:00 hedge fund investors who were interested in

4 05:44:04 potentially purchasing XRP?

5 05:44:10 A. Yeah. I believe I was -- had discussed

6 05:44:13 with [REDACTED] as well.

7 05:44:16 Q. I see.

8 05:44:18 And [REDACTED] ultimately did purchase XRP; is

9 05:44:23 that right?

10 05:44:24 A. Yes.

11 05:44:26 Q. Turning to the first page of this document

12 05:44:28 of Exhibit 26, do you see where Mr. [REDACTED] writes

13 05:44:32 in the last paragraph:

14 05:44:33 "Also with respect to the XRP

15 05:44:35 investment vehicle question, yes,

16 05:44:36 that exactly -- that is exactly

17 05:44:38 what we're doing"?

18 05:44:41 MR. FLUMENBAUM: Where are you reading

19 05:44:42 from?

20 05:44:42 MR. SYLVESTER: It's the last paragraph on

21 05:44:43 the first page of this exhibit starting with the

22 05:44:45 word "also."

23 05:44:47 THE WITNESS: Yes, I see that.

24 05:44:49 BY MR. SYLVESTER:

25 05:44:49 Q. Okay. Mr. [REDACTED] was contemplating

1 05:44:52 forming an XRP investment vehicle?

2 05:44:54 A. Appears so, yes.

3 05:44:55 Q. Okay. If you look at page 455, this is

4 05:45:05 part of an email from Mr. Rapoport. The fourth

5 05:45:12 whole paragraph down that starts with "This is

6 05:45:14 partially."

7 05:45:14 Do you see that?

8 05:45:32 A. Yes, I see that.

9 05:45:33 Q. Do you see the last sentence in the

10 05:45:35 bracket says -- Mr. Rapoport writes:

11 05:45:37 "Side note: If you are

12 05:45:38 contemplating an XRP investment

13 05:45:40 vehicle for outside investors, this

14 05:45:42 is something we'd love to cooperate

15 05:45:44 with you on. We're already in

16 05:45:46 motion here."

17 05:45:47 Do you see that?

18 05:45:48 A. I see that.

19 05:45:48 Q. Okay. Was Ripple, at this time,

20 05:45:50 contemplating being involved in an XRP investment

21 05:45:53 vehicle for outside investors?

22 05:45:58 MR. FLUMENBAUM: Objection as to form.

23 05:46:01 THE WITNESS: That would -- to the best of

24 05:46:02 my understanding, yes.

25 / /

1 05:46:05 BY MR. SYLVESTER:

2 05:46:05 Q. Okay. What was the nature of those

3 05:46:10 potential -- strike that.

4 05:46:11 What was the nature of the potential XRP

5 05:46:13 investment vehicle that Ripple was contemplating

6 05:46:15 being involved with?

7 05:46:18 MR. FLUMENBAUM: Objection as to form.

8 05:46:19 THE WITNESS: I don't recall the details

9 05:46:21 of -- of that.

10 05:46:22 BY MR. SYLVESTER:

11 05:46:22 Q. Ripple was starting -- strike that.

12 05:46:24 Ripple was considering starting up its own

13 05:46:26 XRP investment fund?

14 05:46:29 MR. FLUMENBAUM: Objection as to form.

15 05:46:30 THE WITNESS: I believe Phil was exploring

16 05:46:31 that.

17 05:46:33 BY MR. SYLVESTER:

18 05:46:33 Q. Did Ripple ultimately start its own XRP

19 05:46:37 investment fund?

20 05:46:38 A. To the best of my understanding, no.

21 05:46:40 Q. Why not?

22 05:46:41 MR. FLUMENBAUM: Objection as to form.

23 05:46:42 You may answer.

24 05:46:45 THE WITNESS: Yeah. I don't recollect why

25 05:46:46 not.

1 05:46:47 BY MR. SYLVESTER:

2 05:46:47 Q. Okay. If you look at page ending -456,

3 05:46:56 the very last paragraph of Mr. Rapoport's email, he

4 05:47:00 says:

5 05:47:00 "We're obviously keen to get

6 05:47:02 you more involved, and in

7 05:47:03 particular, it would be great if we

8 05:47:04 could find a way to cooperate on

9 05:47:06 marketing your potential XRP

10 05:47:09 vehicle, post a Jed resolution."

11 05:47:11 Do you see that?

12 05:47:11 A. I see that.

13 05:47:13 Q. Okay. Did Ripple ultimately cooperate on

14 05:47:17 marketing any XRP vehicles?

15 05:47:19 MR. FLUMENBAUM: Objection as to form.

16 05:47:21 THE WITNESS: Not to my recollection.

17 05:47:23 BY MR. SYLVESTER:

18 05:47:23 Q. Did it cause you any concern at the time

19 05:47:26 in light of the legal advice he received in the

20 05:47:29 Perkins Coie memo that you would be -- that Ripple

21 05:47:32 would be marketing a potential XRP investment

22 05:47:34 vehicle?

23 05:47:35 MR. FLUMENBAUM: Objection as to form.

24 05:47:37 THE WITNESS: Well, no. I would assume

25 05:47:39 that it would be done in a regulatorily compliant

1 05:47:42 way.

2 05:47:51 BY MR. SYLVESTER:

3 05:47:51 Q. Did Ripple place any restrictions on what

4 05:47:54 any over-the-counter purchaser could do with its

5 05:47:57 XRP?

6 05:47:59 MR. FLUMENBAUM: Objection as to form.

7 05:48:01 THE WITNESS: I believe this email, again,

8 05:48:05 talks about a tradeoff of discount to lockup.

9 05:48:09 BY MR. SYLVESTER:

10 05:48:09 Q. So there was a -- restrictions on occasion

11 05:48:12 placed on the time period with which the XRP

12 05:48:15 purchaser could resell the XRP; is that right?

13 05:48:20 MR. FLUMENBAUM: Objection as to form.

14 05:48:20 THE WITNESS: Well, it's stated in this

15 05:48:23 email, is what I'm referring to.

16 05:48:24 BY MR. SYLVESTER:

17 05:48:24 Q. Okay. Outside of this email

18 05:48:29 correspondence with Mr. [REDACTED], did Ripple place

19 05:48:32 resale restrictions on any other OTC purchasers of

20 05:48:37 XRP?

21 05:48:37 A. Not that I can recall.

22 05:48:39 Q. Okay. Did Ripple place any restrictions

23 05:48:42 on what any OTC purchaser could use their XRP for?

24 05:48:48 MR. FLUMENBAUM: Objection as to form.

25 05:48:49 THE WITNESS: Not that I can recall.

1 05:48:53 Sorry.

2 05:48:53 BY MR. SYLVESTER:

3 05:48:53 Q. Sure.

4 05:48:56 A. Obviously, with the focus on making sure

5 05:48:58 that no illegal activity was being conducted in such

6 05:49:02 a transaction.

7 05:49:04 Q. Okay. While you were CEO, did Ripple sell

8 05:49:07 XRP over the counter to [REDACTED]?

9 05:49:13 A. I'm not sure how to characterize that.

10 05:49:17 That would be under the jurisdiction of the Japanese

11 05:49:22 at FSA.

12 05:49:24 Q. I see. [REDACTED] is a Japanese entity?

13 05:49:28 A. It is.

14 05:49:28 Q. Removing the characterization of the sale,

15 05:49:30 did Ripple sell XRP to [REDACTED]?

16 05:49:34 MR. FLUMENBAUM: Objection as to form.

17 05:49:34 You may answer.

18 05:49:38 THE WITNESS: Yes. Yes.

19 05:49:40 BY MR. SYLVESTER:

20 05:49:40 Q. Did Ripple sell XRP to [REDACTED] while you were

21 05:49:44 CEO?

22 05:49:45 A. To the best of my recollection, I believe

23 05:49:48 that was after.

24 05:49:49 Q. Okay. After Ripple sold XRP to [REDACTED], what

25 05:49:56 did [REDACTED] do with the XRP it purchased?

1 05:50:01 MR. FLUMENBAUM: Objection as to form.

2 05:50:02 THE WITNESS: I believe that they were

3 05:50:03 trying to further their financial technology

4 05:50:09 offerings in Japan.

5 05:50:11 BY MR. SYLVESTER:

6 05:50:11 Q. And how did they use XRP to do that?

7 05:50:14 MR. FLUMENBAUM: Objection as to form.

8 05:50:16 THE WITNESS: I don't recall.

9 05:50:17 BY MR. SYLVESTER:

10 05:50:17 Q. Did [REDACTED] resell any of the XRP it purchased

11 05:50:20 from Ripple?

12 05:50:22 MR. FLUMENBAUM: Objection as to form.

13 05:50:26 THE WITNESS: To the best of my

14 05:50:26 recollection, I believe that they did, in some

15 05:50:28 cases.

16 05:50:28 BY MR. SYLVESTER:

17 05:50:35 Q. Did Ripple place any restrictions on [REDACTED]'s

18 05:50:38 ability to resell XRP it purchased from Ripple?

19 05:50:41 A. I believe that that agreement included a

20 05:50:46 discount in exchange for some form of lockup.

21 05:50:49 Q. And that agreement was entered -- strike

22 05:50:51 that.

23 05:50:51 Was that agreement entered into during the

24 05:50:54 period where you were chairman?

25 05:51:00 MR. FLUMENBAUM: Objection. Asked and

1 05:51:00 answered.

2 05:51:00 You can answer it again.

3 05:51:02 THE WITNESS: That -- to the best of my

4 05:51:04 recollection, yes.

5 05:51:04 BY MR. SYLVESTER:

6 05:51:04 Q. And did you have any involvement in

7 05:51:07 finalizing that agreement?

8 05:51:11 MR. FLUMENBAUM: Objection as to form.

9 05:51:12 You may answer.

10 05:51:14 THE WITNESS: Well, while I'm chairman, of

11 05:51:16 course, Brad is the CEO and the leadership team is

12 05:51:21 responsible for the details of any transaction. In

13 05:51:24 my capacity as a board member, though, that is a

14 05:51:27 transaction likely to have been approved by the

15 05:51:30 board.

16 05:51:30 BY MR. SYLVESTER:

17 05:51:30 Q. Okay. You have a direct relationship with

18 05:51:32 [REDACTED] though, right?

19 05:51:34 MR. FLUMENBAUM: Objection as to form.

20 05:51:36 THE WITNESS: When you say "direct

21 05:51:36 relationship," could you be more specific, please.

22 05:51:40 BY MR. SYLVESTER:

23 05:51:40 Q. Sure. You have regular contact with

24 05:51:43 representatives of [REDACTED] on behalf of Ripple?

25 05:51:47 MR. FLUMENBAUM: Objection as to form.

1 05:51:47 THE WITNESS: I serve on the board of [REDACTED]

2 05:51:54 [REDACTED] so in my capacity as a board

3 05:51:58 member, I'll participate in board meetings, which

4 05:52:02 are fairly infrequent.

5 05:52:04 BY MR. SYLVESTER:

6 05:52:04 Q. How about monthly calls with [REDACTED] do you

7 05:52:07 participate in those?

8 05:52:10 A. There was a period when I had periodic

9 05:52:14 calls with the CEO, Mr. [REDACTED], but not -- not in

10 05:52:22 some period of time.

11 05:52:25 Q. Was that period where you had periodic

12 05:52:31 calls with the CEO, was that after you were CEO of

13 05:52:34 Ripple?

14 05:52:36 MR. FLUMENBAUM: Objection as to form.

15 05:52:37 THE WITNESS: I don't recall the dates.

16 05:52:41 MR. SYLVESTER: Let's look at Exhibit 75,

17 05:52:49 please.

18 05:52:52 (Whereupon, Deposition Exhibit CL-75

19 05:52:53 was marked for identification.)

20 05:53:02 MR. FLUMENBAUM: It's a long day.

21 05:53:06 THE WITNESS: Voice is going.

22 05:53:09 ZOOM PARTICIPANT: Exhibit 75?

23 05:53:10 MR. SYLVESTER: That's right.

24 05:53:12 ZOOM PARTICIPANT: Thank you.

25 / /

1 05:53:13 MR. SYLVESTER: 75, for the record, is a
2 05:54:03 thread of emails among Mr. Larsen, Patrick Griffin,
3 05:54:07 Mr. Garlinghouse and [REDACTED] top email
4 05:54:11 dated November 13th, 2016.
5 05:56:26 THE WITNESS: Okay.
6 05:56:30 BY MR. SYLVESTER:
7 05:56:31 Q. So on the second page of the document,
8 05:56:33 ending -131, where Mr. Griffin writes, "Chris,
9 05:56:39 Brad."
10 05:56:39 Do you see that?
11 05:56:41 A. Yes.
12 05:56:42 Q. Okay. The last sentence of the first
13 05:56:44 paragraph reads:
14 05:56:45 "While [REDACTED] is the impetus for
15 05:56:48 these considerations, the
16 05:56:49 underlying premise that a more
17 05:56:50 predictable distribution of XRP is
18 05:56:53 needed to attract institutional
19 05:56:54 investors to XRP is applicable to
20 05:56:56 all investors and users of XRP."
21 05:56:59 Do you see that?
22 05:57:00 A. I do.
23 05:57:02 Q. Is [REDACTED] Mr. [REDACTED] fund?
24 05:57:06 A. I believe that's correct.
25 05:57:07 Q. Okay. The underlying premise that

1 05:57:12 Mr. Griffin describes, did you agree with that at

2 05:57:15 the time of this email?

3 05:57:16 MR. FLUMENBAUM: Objection as to form.

4 05:57:21 THE WITNESS: I agree with his being

5 05:57:22 creative and being, you know, thoughtful.

6 05:57:25 BY MR. SYLVESTER:

7 05:57:25 Q. Okay. Did you agree that a more

8 05:57:27 predictable distribution of XRP is needed to attract

9 05:57:31 institutional investors to XRP?

10 05:57:33 MR. FLUMENBAUM: Objection as to form.

11 05:57:33 THE WITNESS: I don't recall.

12 05:57:34 BY MR. SYLVESTER:

13 05:57:34 Q. You don't recall if you agreed with that

14 05:57:37 at the time?

15 05:57:40 A. Yeah, I -- I don't see any issue with it.

16 05:57:47 Q. Can you explain what you mean by "I don't

17 05:57:50 see any issue with it"?

18 05:57:52 A. Well, I think this is a critique from

19 05:57:54 [REDACTED] I don't agree with his critique, but

20 05:57:59 Patrick is doing the right thing for trying to be

21 05:58:03 thoughtful about possible other -- other ideas.

22 05:58:11 Q. And Patrick's proposal generally describes

23 05:58:13 an escrow of a certain amount of XRP by Ripple; is

24 05:58:17 that right?

25 05:58:19 A. I think he's talking about something else

1 05:58:20 here.

2 05:58:31 Q. This is -- you're saying this is different

3 05:58:33 than -- the proposal here is different than the

4 05:58:35 escrow of XRP that Ripple ultimately entered into;

5 05:58:39 is that what you mean?

6 05:58:40 A. That's my understanding, yes.

7 05:58:42 Q. Okay.

8 05:58:42 A. Are you referring to what ended up being

9 05:58:45 the escrow?

10 05:58:47 Q. Yes.

11 05:58:47 A. I believe this is --

12 05:58:48 Q. I think we're talking about the same

13 05:58:50 thing. Ripple -- let's set a foundation.

14 05:58:51 Ripple ultimately did escrow approximately

15 05:58:54 55 billion XRP; is that right?

16 05:58:55 A. Correct.

17 05:58:57 MR. FLUMENBAUM: Objection as to form.

18 05:58:58 Go ahead.

19 05:58:58 THE WITNESS: Correct. But I believe this

20 05:58:59 is a completely different thing that never happened.

21 05:59:01 BY MR. SYLVESTER:

22 05:59:01 Q. Okay. I see. Okay.

23 05:59:12 Did you agree -- looking down at the

24 05:59:14 bottom of Mr. Griffin's email on page 131, did you

25 05:59:20 agree with his statement that OTC's sales were about

1 05:59:23 50 percent of XRP sales at the time for Ripple?

2 05:59:26 A. I don't -- I don't recollect that.

3 05:59:33 Q. Okay. The top email, the first page, you

4 05:59:36 say:

5 05:59:36 "The Plan looks good enough to

6 05:59:38 present to [REDACTED] Nice work."

7 05:59:41 Do you see that?

8 05:59:41 A. Yeah.

9 05:59:42 Q. Okay. Do you know if Mr. Griffin did

10 05:59:44 present the plan to [REDACTED]

11 05:59:46 A. I don't recall.

12 05:59:47 Q. Okay. Turning back, divorcing ourselves

13 05:59:59 from the document and discussing the escrow that

14 06:00:04 Ripple ultimately entered into of its approximately

15 06:00:08 55 billion XRP, were you involved at all in the

16 06:00:13 decision to place those XRP in escrow?

17 06:00:17 A. Yes.

18 06:00:17 Q. What was your involvement?

19 06:00:22 A. So I believe I was chairman at that point.

20 06:00:26 And as chairman, I would be part of the board's

21 06:00:29 approval of something that large.

22 06:00:33 Q. Okay. Why did Ripple decide to escrow

23 06:00:36 55 billion XRP?

24 06:00:36 MR. FLUMENBAUM: Objection as to form.

25 06:00:38 You may answer.

1 06:00:40 THE WITNESS: We believe that there was
2 06:00:43 some -- some concern that Ripple could dump its
3 06:00:51 holdings and that that would be a bad thing. Now, I
4 06:00:56 think it was pretty clear that the company had
5 06:00:59 established a very good track record that should
6 06:01:07 have mitigated any concern like that. Nonetheless,
7 06:01:10 it seemed constructive, from a point of view of
8 06:01:13 driving trust, that putting it in an escrow would
9 06:01:18 alleviate any concerns that a small number of people
10 06:01:22 might have had about that.

11 06:01:25 BY MR. SYLVESTER:

12 06:01:26 Q. What was the basis of your belief that
13 06:01:27 there was some concern that Ripple could dump its
14 06:01:30 holdings?

15 06:01:31 MR. FLUMENBAUM: Objection as to form.

16 06:01:31 THE WITNESS: We had heard feedback from
17 06:01:36 some quarters about that.

18 06:01:39 BY MR. SYLVESTER:

19 06:01:39 Q. When you say "some quarters," can you be
20 06:01:42 more specific?

21 06:01:45 A. Just, you know, what you might pick up in
22 06:01:48 critiques or discussions.

23 06:01:54 Q. Did you learn about -- concern about
24 06:01:58 Ripple dumping its XRP through Ripple's efforts to
25 06:02:02 monitor press about XRP?

1 06:02:08 MR. FLUMENBAUM: Objection as to form.

2 06:02:09 THE WITNESS: I don't recall exactly

3 06:02:10 those -- those avenues, but we were concluded enough

4 06:02:17 that that was a concern by some.

5 06:02:19 BY MR. SYLVESTER:

6 06:02:19 Q. Were the critiques, in your view, from the

7 06:02:25 XRP community?

8 06:02:28 MR. FLUMENBAUM: Objection as to form.

9 06:02:29 THE WITNESS: I don't recall.

10 06:02:30 BY MR. SYLVESTER:

11 06:02:30 Q. Okay. Were they from BTC maximalists?

12 06:02:35 MR. FLUMENBAUM: Objection as to form.

13 06:02:35 THE WITNESS: I don't recall, but, you

14 06:02:37 know, we came to that conclusion, that that was a

15 06:02:40 concern that could be easily addressed.

16 06:02:42 BY MR. SYLVESTER:

17 06:02:42 Q. Was it a concern that was held by

18 06:02:47 purchasers of XRP?

19 06:02:51 MR. FLUMENBAUM: Objection as to form.

20 06:02:57 THE WITNESS: I don't recall.

21 06:02:57 BY MR. SYLVESTER:

22 06:02:57 Q. I'm a little confused, Mr. Larsen. Ripple

23 06:03:05 escrowed 55 billion of its XRP based on the concerns

24 06:03:08 of some unknown constituencies? Who was it that was

25 06:03:13 concerned?

1 06:03:14 MR. FLUMENBAUM: Objection as to form.

2 06:03:14 THE WITNESS: Well, I think others in the

3 06:03:17 company would probably have more details about those

4 06:03:19 concerns. Suffice it to say that we became

5 06:03:23 convinced enough that that's something that could be

6 06:03:26 addressed through an escrow. There's no downside.

7 06:03:30 We wouldn't have, of course, dumped in any event, so

8 06:03:36 it's not a big effort to put it in an escrow.

9 06:03:44 BY MR. SYLVESTER:

10 06:03:44 Q. Others in Ripple reported to you that they

11 06:03:46 were aware of concerns in the XRP community about a

12 06:03:48 Ripple dumping event?

13 06:03:51 MR. FLUMENBAUM: Objection as to form.

14 06:03:52 THE WITNESS: Yes. As best as I can

15 06:03:53 recollect.

16 06:03:54 BY MR. SYLVESTER:

17 06:03:54 Q. Okay. And those that reported to you,

18 06:03:56 what did they tell you about the concerns about a

19 06:03:59 Ripple dumping event?

20 06:04:01 MR. FLUMENBAUM: About Ripple what?

21 06:04:03 MR. SYLVESTER: A Ripple dumping event.

22 06:04:05 MR. FLUMENBAUM: Dumping -- event, is it?

23 06:04:06 THE WITNESS: I don't know if I'd put it

24 06:04:08 as an event. I'd put it as a concern that may have

25 06:04:12 been eroding trust. Which, again, our focus on

1 06:04:17 trust, utility and liquidity, that seemed like a

2 06:04:22 pretty easy thing to address with an escrow.

3 06:04:24 BY MR. SYLVESTER:

4 06:04:24 Q. Eroding trust in XRP you mean?

5 06:04:26 MR. FLUMENBAUM: Objection as to form.

6 06:04:27 THE WITNESS: Eroding trust in us.

7 06:04:30 BY MR. SYLVESTER:

8 06:04:30 Q. In Ripple?

9 06:04:32 A. Correct.

10 06:04:33 Q. And how did Ripple escrowing 55 billion of

11 06:04:41 its XRP enhance trust in Ripple?

12 06:04:47 A. Well, once it's put in an escrow, it's

13 06:04:52 cryptographically impossible to take it out, so,

14 06:04:55 therefore, it's impossible to dump. So it's simply

15 06:04:58 a nonissue.

16 06:05:03 Q. Did Ripple publicly announce that it was

17 06:05:06 planning to escrow a portion of its XRP?

18 06:05:12 A. Yes.

19 06:05:12 Q. Was there any reaction in the XRP market

20 06:05:16 to that announcement?

21 06:05:18 MR. FLUMENBAUM: Objection as to form.

22 06:05:21 THE WITNESS: It's always hard to tell

23 06:05:24 what is a cause of a reaction in the market, but I

24 06:05:28 believe that that was looked at favorably.

25 / /

1 06:05:31 BY MR. SYLVESTER:

2 06:05:31 Q. And how -- how could you tell that the

3 06:05:37 market reacted to that news favorably?

4 06:05:41 MR. FLUMENBAUM: Objection as to form.

5 06:05:42 THE WITNESS: Well, I think clearly the

6 06:05:43 commentary by people that watched these markets was

7 06:05:47 favorable. So that was -- seemed like a positive

8 06:05:52 thing.

9 06:05:52 BY MR. SYLVESTER:

10 06:05:52 Q. Was there any change in XRP's trading

11 06:05:56 volume as a result of the announcement?

12 06:05:58 A. I don't recall in the volume. Yeah, I

13 06:06:01 don't recall.

14 06:06:02 Q. Was there any change in XRP's price as a

15 06:06:05 result of the announcement?

16 06:06:07 MR. FLUMENBAUM: Objection as to form.

17 06:06:08 THE WITNESS: It's my understanding that

18 06:06:09 the price increased after that announcement.

19 06:06:12 Whether or not that's tied to that announcement,

20 06:06:15 again, it's very difficult to tell, especially since

21 06:06:18 most of the moves, by overwhelming amount of moves

22 06:06:23 in the cryptocurrency markets are correlated with

23 06:06:27 each other.

24 06:06:27 MR. SYLVESTER: Let look at 20 --

25 06:06:30 Exhibit 206, please.

1 06:06:31 (Whereupon, Deposition Exhibit CL-206

2 06:06:32 was marked for identification.)

3 06:06:36 BY MR. SYLVESTER:

4 06:07:21 Q. Exhibit 206 is a text message from you,

5 06:07:24 Mr. Larsen, to Gene Sperling, dated May 16th,

6 06:07:29 2017; is that right?

7 06:07:30 A. Yes.

8 06:07:30 Q. Okay. Who's Gene Sperling?

9 06:07:33 A. Gene Sperling was a former board member

10 06:07:38 and used to be President Obama's head of the

11 06:07:44 National Economic Council, I believe. And then was

12 06:07:46 also a deputy director at the treasury department.

13 06:07:52 Q. Was Mr. Sperling a board member of Ripple

14 06:07:54 at the time of this text message?

15 06:07:59 A. To the best of my recollection, yes.

16 06:08:00 Q. Okay. And you write:

17 06:08:01 "Good response to the lockup

18 06:08:03 news so far. BTW, we're thinking

19 06:08:05 of creating an XRP monetary policy

20 06:08:08 board, would love to brainstorm on

21 06:08:11 who we might recruit."

22 06:08:11 Do you see that?

23 06:08:13 A. I do.

24 06:08:13 Q. Is the lockup news referenced here the

25 06:08:14 announcement of Ripple's escrow of XRP?

1 06:08:19 A. I believe that's correct.

2 06:08:20 Q. You mention also you were thinking of

3 06:08:21 creating an XRP monetary policy board?

4 06:08:25 A. Brainstorming, yes.

5 06:08:26 Q. What purpose would an XRP monetary policy

6 06:08:29 board serve?

7 06:08:32 A. Well, first of all, it was brainstorming.

8 06:08:34 We do a lot of brainstorming. So first step is kind

9 06:08:38 of what -- what innovation could you think about,

10 06:08:43 that's step 1. Any innovative process, of course,

11 06:08:47 down the road would be, is that regulatorily

12 06:08:53 compliant as a -- within the financial technology

13 06:08:55 regulatory regimes.

14 06:08:57 Q. What -- what purpose -- or strike that.

15 06:09:02 Would an XRP monetary policy board be of

16 06:09:04 any benefit to Ripple?

17 06:09:06 MR. FLUMENBAUM: Objection as to form.

18 06:09:07 THE WITNESS: I don't know. Again, it was

19 06:09:10 brainstorming, so it's very early. And Gene

20 06:09:14 Sperling is such an awesome guy to talk to about

21 06:09:18 economics and finance. It would be the kind of

22 06:09:20 thing I would have enjoyed talking to him about.

23 06:09:22 MR. SYLVESTER: Okay. Let's look at

24 06:09:26 Exhibit 207, please.

25 / /

1 06:09:27 (Whereupon, Deposition Exhibit CL-207

2 06:09:28 was marked for identification.)

3 06:09:31 BY MR. SYLVESTER:

4 06:09:55 Q. Exhibit 207 is two text messages both from

5 06:09:58 you to Mr. Sperling on December 7th, 2017.

6 06:10:02 Do you see that?

7 06:10:02 A. I do.

8 06:10:03 MR. FLUMENBAUM: Hold on a second. Hold

9 06:10:04 on a second. The Bates numbers are not consecutive.

10 06:10:09 You have 2781 on the back of 2783.

11 06:10:17 MR. SYLVESTER: Okay. That's fine.

12 06:10:24 MR. FLUMENBAUM: There might be something

13 06:10:25 in between.

14 06:10:26 MR. SYLVESTER: Okay. Let me ask

15 06:10:27 Mr. Larsen if he recalls what this is about.

16 06:10:30 Q. Mr. Larsen, was December --

17 06:10:32 MR. FLUMENBAUM: The times also are -- or

18 06:10:35 the date looks the same but the times look different

19 06:10:38 to me.

20 06:10:38 MR. SYLVESTER: Okay. Duly noted.

21 06:10:42 Q. Mr. Larsen, was December 7th, 2017, the

22 06:10:44 date that Ripple completed its escrow of the

23 06:10:48 55 billion XRP?

24 06:10:49 A. I don't know the exact date of that

25 06:10:52 completion.

1 06:10:52 Q. Okay. You write on page 1 of the exhibit:

2 06:10:55 "Market liked our 55 billion

3 06:10:58 XRP lockup - just successfully

4 06:11:01 completed."

5 06:11:02 Do you see that?

6 06:11:02 A. I do.

7 06:11:02 Q. Okay. Does that refresh your recollection

8 06:11:03 that it was that date on which the lockup was

9 06:11:06 completed?

10 06:11:09 A. Well, I have no way of knowing if that was

11 06:11:11 the date it was completed or that's simply the date

12 06:11:15 that I was texting Mr. Sperling.

13 06:11:17 Q. That's a fair point.

14 06:11:18 On page 2, you write Mr. Sperling:

15 06:11:20 "And 18bn in volume" --

16 06:11:23 MR. FLUMENBAUM: So the record's clear,

17 06:11:25 page 2 is 2781.

18 06:11:27 MR. SYLVESTER: Yes.

19 06:11:28 Q. On 2781 you write Mr. Sperling: "And 18bn

20 06:11:31 in volume" -- sorry, "in vol. Incredible."

21 06:11:34 Do you see that?

22 06:11:36 A. I do.

23 06:11:36 Q. Do you take that to be volume of XRP?

24 06:11:40 A. I believe so.

25 06:11:42 Q. Okay. And why was that incredible to you?

1 06:11:46 A. Well, \$18 billion is a lot, and I think

2 06:11:50 that was more than you would have seen typically.

3 06:11:56 Q. Okay. Mr. Larsen, does monetary policy

4 06:12:11 normally refer to how much currency is in

5 06:12:14 circulation?

6 06:12:15 MR. FLUMENBAUM: Objection as to form.

7 06:12:18 THE WITNESS: Well, monetary policy is a

8 06:12:20 very complex domain, so I think it means different

9 06:12:25 things to different people.

10 06:12:33 BY MR. SYLVESTER:

11 06:12:33 Q. Isn't monetary policy typically set by a

12 06:12:42 central bank?

13 06:12:43 MR. FLUMENBAUM: Objection as to form.

14 06:12:45 THE WITNESS: Well, I mean, again, if

15 06:12:47 you're asking me, you know, in what context did I

16 06:12:50 use it, in a brainstorming idea, it could simply be

17 06:12:55 as simple as money policy. And since, you know,

18 06:13:01 these are currencies and these are monies, what's

19 06:13:07 your policy.

20 06:13:09 So, yeah. And, again, it's something we

21 06:13:12 actually did not do. But it's a fun, you know,

22 06:13:17 brain exercise.

23 06:13:19 BY MR. SYLVESTER:

24 06:13:19 Q. And in this context, it would be just

25 06:13:22 Ripple's policies with respect to XRP; is that

1 06:13:25 right?

2 06:13:26 MR. FLUMENBAUM: Objection as to form.

3 06:13:28 THE WITNESS: Yeah. Again, this is so

4 06:13:30 preliminary as even a suggestion of a brainstorming

5 06:13:34 session, which I don't think ever happened, so yeah.

6 06:13:38 MR. SYLVESTER: Let's look at Exhibit 32,

7 06:13:45 please.

8 06:14:05 (Whereupon, Deposition Exhibit CL-32

9 06:14:05 was marked for identification.)

10 06:14:06 BY MR. SYLVESTER:

11 06:14:29 Q. Exhibit 32 appears to be a string of

12 06:14:32 emails between you, Mr. Larsen. The top email is to

13 06:14:38 [REDACTED] I'm not sure how to say that

14 06:14:42 name.

15 06:14:43 A. [REDACTED]

16 06:14:44 Q. [REDACTED] Thank you. Dated January 25th,

17 06:14:46 2015. And then some of the other emails are with

18 06:14:49 [REDACTED]@gmail.com.

19 06:16:34 A. Okay.

20 06:16:34 Q. Who is [REDACTED]

21 06:16:37 A. He is a member of the [REDACTED]

22 06:16:45 Q. And you write to Mr. [REDACTED] on page Bates

23 06:16:51 ending -294:

24 06:16:52 "Here's a first stab at a

25 06:16:55 promotional XRP distribution

1 06:16:56 agreement."

2 06:16:57 Do you see that?

3 06:16:57 A. I do.

4 06:16:59 Q. Okay. What was the agreement being

5 06:17:02 contemplated between Ripple and Mr. [REDACTED]?

6 06:17:06 A. Well, [REDACTED] was really trying to get an

7 06:17:13 agreement to get XRP to move forward with a

8 06:17:18 relationship with the company.

9 06:17:23 Q. And what kind of relationship was

10 06:17:24 contemplated by [REDACTED]?

11 06:17:26 A. Well, I believe that they wanted territory

12 06:17:30 in China. To be honest with you, I can't recollect.

13 06:17:34 But we didn't go through with this.

14 06:17:38 MR. SYLVESTER: Okay. I think we have

15 06:17:42 about a half an hour left. I'd like to take a very

16 06:17:45 short break.

17 06:17:46 THE WITNESS: Sure.

18 06:17:47 MR. SYLVESTER: Is that all right with

19 06:17:48 everyone?

20 06:17:49 THE VIDEOGRAPHER: Okay. We are off the

21 06:17:50 record at 6:17 p.m.

22 06:18:12 (Whereupon, a recess was taken.)

23 06:34:28 THE VIDEOGRAPHER: This is the start of

24 06:34:28 File Number 7. We're back on the record at

25 06:34:31 6:34 p.m.

1 06:34:36 MR. FLUMENBAUM: Mr. Sylvester, I'm sure
2 06:34:36 you did not intend to do this on purpose. But
3 06:34:40 you -- the documents that you marked were misleading
4 06:34:44 about the 18 billion in volume. 2781 has nothing to
5 06:34:50 do with 2783. And it has nothing to do, in fact,
6 06:34:57 with XRP. It has to do with Bitcoin.
7 06:35:04 And I think the record needs to be
8 06:35:06 corrected as a result.
9 06:35:09 MR. SYLVESTER: You're correct, I
10 06:35:10 certainly didn't mean to do anything misleading. Do
11 06:35:13 you want to have the witness read the documents into
12 06:35:16 the record in order?
13 06:35:17 MR. FLUMENBAUM: Well, I'll do that. It
14 06:35:18 shouldn't -- the witness -- Larsen 2781, which says,
15 06:35:23 "And 18 billion in volume, incredible," comes after
16 06:35:30 2779 and 2780, which are emails between Sperling and
17 06:35:35 Larsen relating to Bitcoin.
18 06:35:39 MR. CERESNEY: Texts.
19 06:35:39 MR. FLUMENBAUM: I'm sorry? Texts.
20 06:35:52 MR. CERESNEY: Texts.
21 06:35:52 MR. FLUMENBAUM: What did I say?
22 06:35:52 MR. CERESNEY: Emails.
23 06:35:52 (Reporter clarification.)
24 06:35:52 MR. FLUMENBAUM: I use emails very
25 06:35:54 generically. I'm sorry. I apologize.

1 06:35:59 Texts. The texts -- and you can check in
2 06:36:01 your files. 2779 relates to Bitcoin and 2780
3 06:36:07 relates to Bitcoin. And the price of Bitcoin
4 06:36:13 apparently -- what it says is "Bitcoin tops 15,000,
5 06:36:17 maybe 20- by weekend. Insane, to be clear, when I
6 06:36:21 said 20- by weekend, I was kidding." These are
7 06:36:24 Sperling to Larsen. This is historic craziness and
8 06:36:31 18 billion in volume, incredible. You know. And
9 06:36:35 that was Larsen's response.
10 06:36:36 So those -- those relate to, you know,
11 06:36:38 that volume point that you were trying to make that
12 06:36:46 related to the XRP lockup just is inaccurate.
13 06:36:50 MR. SYLVESTER: Okay. So thank you for
14 06:36:51 reading those documents on to the record.
15 06:36:55 Q. Mr. Larsen, in light of Mr. Flumenbaum's
16 06:36:58 recitation of all those documents, you agree -- I
17 06:37:02 assume you want to change your testimony that the
18 06:37:04 18 billion volume reference was a reference to
19 06:37:07 Bitcoin. Is that correct?
20 06:37:08 A. That's correct.
21 06:37:09 Q. Okay.
22 06:37:10 MR. FLUMENBAUM: And I just want to make
23 06:37:11 one other thing clear for the record. We've marked
24 06:37:14 today a lot of documents that don't have the highly
25 06:37:20 confidential stamp that would have been there had

1 06:37:30 the document been printed with the proper Bates
2 06:37:35 numbers. So I want to make sure that every exhibit
3 06:37:39 that's been used today is viewed as highly
4 06:37:44 confidential, even though it doesn't have any legend
5 06:37:50 on that that reflects that.
6 06:37:53 MR. SYLVESTER: Yeah. I understood you
7 06:37:55 designated the entire transcript and all exhibits as
8 06:37:57 confidential.
9 06:37:57 MR. FLUMENBAUM: And all exhibits, but
10 06:37:58 because of the fact --
11 06:38:00 MR. SYLVESTER: Right. I get it. It's
12 06:38:01 stipulated.
13 06:38:02 MR. FLUMENBAUM: -- that it's not there --
14 06:38:04 MR. SYLVESTER: Okay.
15 06:38:04 MR. FLUMENBAUM: -- there's a risk of
16 06:38:05 mistake, and I want to just emphasize that so that
17 06:38:09 you make sure that that mistake doesn't occur.
18 06:38:13 MR. SYLVESTER: Okay. Understood. Okay.
19 06:38:14 Q. Mr. Larsen, Ripple made efforts to get XRP
20 06:38:18 listed on digital asset platforms; is that right?
21 06:38:24 A. There were relatively few of the total
22 06:38:26 number out there, yes.
23 06:38:30 Q. There were relatively few of the total out
24 06:38:32 there -- I'm sorry, I didn't understand your answer,
25 06:38:34 sir.

1 06:38:40 There were relatively few of the total
2 06:38:41 number that were trading XRP; is that what you mean?
3 06:38:45 MR. FLUMENBAUM: Objection as to form.
4 06:38:48 THE WITNESS: No. There's hundreds of
5 06:38:51 exchanges that trade XRP. We've given incentives to
6 06:38:58 a handful of them, and many -- many of that's
7 06:39:03 related to ODL.
8 06:39:06 BY MR. SYLVESTER:
9 06:39:06 Q. What kinds of incentives have you given to
10 06:39:09 digital asset platforms to list XRP?
11 06:39:13 A. I don't recall the exact form of those
12 06:39:15 incentives.
13 06:39:19 MR. SYLVESTER: Okay. Let's look at
14 06:39:20 Exhibit 50, please.
15 06:39:22 (Whereupon, Deposition Exhibit CL-50
16 06:39:24 was marked for identification.)
17 06:39:25 BY MR. SYLVESTER:
18 06:39:47 Q. Exhibit 50 is a thread of emails. The top
19 06:39:53 email is from Patrick Griffin dated December 21st,
20 06:39:57 2015. It's copying you, Mr. Larsen, and I'm hoping
21 06:40:01 you can help me with the recipient's name.
22 06:40:05 A. [REDACTED]
23 06:40:07 Q. [REDACTED]. Okay?
24 06:40:08 A. Yeah.
25 06:40:08 Q. Thank you.

1 06:40:09 A. Okay. I see that.

2 06:41:11 Q. Okay. Who is [REDACTED]?

3 06:41:15 A. He's the founder and CEO of Bitstamp.

4 06:41:20 Q. And it appears that Mr. Griffin is

5 06:41:22 offering Bitstamp a number of incentives to list XRP

6 06:41:26 as early as possible; is that correct?

7 06:41:28 A. I see that here, yes.

8 06:41:31 Q. Okay. Did Ripple ultimately provide the

9 06:41:35 incentives listed here to Bitstamp?

10 06:41:39 A. I don't recall if this was executed or

11 06:41:42 not.

12 06:41:43 Q. Did Ripple provide any incentives to

13 06:41:45 Bitstamp?

14 06:41:47 A. Not that I -- well, I don't recall, so ...

15 06:41:50 Q. Okay.

16 06:41:51 A. Yeah.

17 06:41:51 Q. Which exchanges -- sorry -- strike that.

18 06:41:53 Which digital asset platforms received

19 06:41:56 incentives from Ripple to list XRP?

20 06:42:00 A. I don't recall the names.

21 06:42:03 Q. Do you recall how many?

22 06:42:06 A. My understanding is a handful of exchanges

23 06:42:11 of the hundreds that trade XRP.

24 06:42:15 Q. Were these listing fees the types of

25 06:42:19 incentives that were offered to the exchanges to

1 06:42:21 which Ripple offered incentives to list XRP?

2 06:42:25 MR. FLUMENBAUM: Objection as to form.

3 06:42:26 THE WITNESS: Sorry, are you asking is

4 06:42:27 this a template based on this email or --

5 06:42:30 BY MR. SYLVESTER:

6 06:42:30 Q. No, not a template.

7 06:42:33 Was -- was the type of incentives that

8 06:42:36 were offered to the exchanges to which Ripple

9 06:42:39 offered incentives listing fees?

10 06:42:44 MR. FLUMENBAUM: Objection as to form.

11 06:42:47 THE WITNESS: I don't recall what -- the

12 06:42:49 predominant one. It likely varied.

13 06:42:53 MR. SYLVESTER: Let's look at 113, please.

14 06:42:56 (Whereupon, Deposition Exhibit CL-113

15 06:43:05 was marked for identification.)

16 06:43:05 BY MR. SYLVESTER:

17 06:43:14 Q. Exhibit 113 is an email thread, top email

18 06:43:20 from you to Mr. Garlinghouse and Mr. Griffin dated

19 06:43:25 August 21st, 2017.

20 06:45:11 A. Okay.

21 06:45:11 Q. Starting with the second page ending -972,

22 06:45:15 do you see your email to Mr. Garlinghouse subject,

23 06:45:18 "[REDACTED]/Coinbase"?

24 06:45:22 A. I'm sorry, the second page?

25 06:45:23 Q. Yes.

1 06:45:24 A. Yes.

2 06:45:24 Q. And you write:

3 06:45:25 "As a followup, [REDACTED]

4 06:45:27 suggested that you or I send her an

5 06:45:30 email: 1, discussing our desire to

6 06:45:31 be listed on Coinbase and how good

7 06:45:32 that would be for both companies."

8 06:45:34 Do you see that?

9 06:45:37 A. I do.

10 06:45:37 Q. Is that about listing XRP on Coinbase?

11 06:45:41 A. I assume so. I believe that's in relation

12 06:45:43 to ODL, given they're talking about "support our

13 06:45:52 payments business to route commercial payments

14 06:45:54 through XRP."

15 06:45:55 Q. Who is [REDACTED]

16 06:45:57 A. [REDACTED] is a partner at [REDACTED]

17 06:46:00 [REDACTED] cohead of their cryptocurrency funds. I

18 06:46:06 believe was also a board member at Coinbase and was

19 06:46:12 also the person from the DOJ that was involved in

20 06:46:17 this -- the FinCEN settlement with Ripple.

21 06:46:22 Q. Okay. And it looks like Mr. Griffin --

22 06:46:24 now turning to the first page of the document.

23 06:46:26 Looks like Mr. Griffin drafted an email to be sent

24 06:46:30 by either you or Mr. Garlinghouse to Ms. [REDACTED] Is

25 06:46:34 that right?

1 06:46:36 A. That looks correct.

2 06:46:38 Q. Okay. Regarding, first line, how we can

3 06:46:42 chart a course to get XRP listed on Coinbase in

4 06:46:45 2017; is that right?

5 06:46:46 A. I see that.

6 06:46:47 Q. Okay. In the second paragraph of

7 06:46:49 Mr. Griffin's draft, the second sentence, he says:

8 06:46:52 "So far this year we've

9 06:46:54 provided integration support for

10 06:46:55 just about 20 exchanges around the

11 06:46:57 world, including the largest in the

12 06:46:58 world."

13 06:47:00 What kind of integration support -- sorry.

14 06:47:03 Do you see that, what I just read?

15 06:47:06 A. I do.

16 06:47:06 Q. Okay. What kind of integration support

17 06:47:08 services did Ripple provide for just about 20

18 06:47:10 exchanges?

19 06:47:12 A. I believe that refers to RippleNet, that

20 06:47:17 application, and ODL to ensure that there's enough

21 06:47:24 liquidity in those enterprise products.

22 06:47:28 Q. And what specifically did Ripple do for

23 06:47:30 the exchanges to get XRP listed?

24 06:47:36 A. Assuming there would be technical

25 06:47:38 integration.

1 06:47:40 Q. To assist with technical integration, is

2 06:47:44 that -- sorry -- strike that.

3 06:47:46 The next sentence says:

4 06:47:46 "We can make integrating to

5 06:47:48 XRP very streamlined and easy by

6 06:47:50 offering up our engineering and

7 06:47:52 integration teams to work with

8 06:47:54 Coinbase."

9 06:47:56 Do you see that?

10 06:47:56 A. I do.

11 06:47:56 Q. So is the integration support services

12 06:47:59 Ripple sending engineering and integration teams to

13 06:48:03 digital asset platforms who wish to list XRP?

14 06:48:07 MR. FLUMENBAUM: Objection as to form.

15 06:48:12 THE WITNESS: I don't know if they were

16 06:48:13 physically sent to wherever those platforms would

17 06:48:15 be.

18 06:48:17 BY MR. SYLVESTER:

19 06:48:17 Q. Whether or not the engineers physically

20 06:48:19 traveled, did Ripple typically provide integration

21 06:48:22 and engineering support whenever a digital asset

22 06:48:26 platform wanted to list XRP?

23 06:48:28 MR. FLUMENBAUM: Objection as to form.

24 06:48:29 THE WITNESS: Yeah. Again, as I

25 06:48:30 mentioned, I believe this is in context of RippleNet

1 06:48:35 and ODL for our enterprise payment applications.

2 06:48:41 BY MR. SYLVESTER:

3 06:48:41 Q. If a digital asset platform wanted to list

4 06:48:47 XRP -- strike that.

5 06:48:48 Did digital asset platforms that wanted to

6 06:48:51 list XRP ever ask Ripple for engineering assistance?

7 06:48:56 MR. FLUMENBAUM: Objection as to form.

8 06:48:58 THE WITNESS: You mean if they were going

9 06:49:02 to be involved with RippleNet or ODL?

10 06:49:06 BY MR. SYLVESTER:

11 06:49:06 Q. If they were going to list XRP for

12 06:49:08 trading?

13 06:49:09 MR. FLUMENBAUM: Objection as to form.

14 06:49:10 THE WITNESS: It was my understanding that

15 06:49:11 they would get involved if that was going to be

16 06:49:14 helpful for RippleNet or ODL. And, of course, those

17 06:49:19 platforms would have to be appropriately compliant

18 06:49:22 in whatever jurisdiction that they were operating

19 06:49:25 under.

20 06:49:25 BY MR. SYLVESTER:

21 06:49:25 Q. Okay. I guess what I'm driving at is just

22 06:49:28 whether there was any technical assistance needed

23 06:49:30 between sort of connecting the XRP Ledger with

24 06:49:33 whatever software the digital asset platform was

25 06:49:35 running.

1 06:49:37 MR. FLUMENBAUM: Objection as to form.

2 06:49:37 THE WITNESS: The XRP Ledger is

3 06:49:39 open-source permissionless so anybody can integrate

4 06:49:43 to it. And documentation to do that is readily

5 06:49:47 available to anyone, just like in Bitcoin or

6 06:49:50 Ethereum or any of the other decentralized ledgers.

7 06:49:54 BY MR. SYLVESTER:

8 06:49:54 Q. Understanding that anyone can, did Ripple

9 06:49:56 send engineers to help?

10 06:49:58 MR. FLUMENBAUM: Objection. Asked and

11 06:49:59 answered.

12 06:50:02 THE WITNESS: Yeah. Again, if it's going

13 06:50:03 to further the RippleNet or ODL applications that we

14 06:50:07 provide to enterprise customers, we would readily do

15 06:50:11 that if it was a compliant platform.

16 06:50:16 MR. SYLVESTER: Okay. Let's look at --

17 06:50:27 let's look at 156, please. Actually, hold that.

18 06:50:45 All right.

19 06:50:45 Q. Did you speak with anyone at Coinbase

20 06:50:50 about listing XRP on Coinbase?

21 06:50:54 MR. FLUMENBAUM: Objection as to form.

22 06:50:56 THE WITNESS: Not that I recall.

23 06:50:57 BY MR. SYLVESTER:

24 06:50:57 Q. Okay. Did anyone at Ripple speak with

25 06:50:59 anyone at Coinbase about listing XRP on Coinbase?

1 06:51:04 MR. FLUMENBAUM: Objection as to form.

2 06:51:07 THE WITNESS: It's my understanding that

3 06:51:09 the team did as that's an important -- could be an

4 06:51:14 important provider for RippleNet and ODL.

5 06:51:16 BY MR. SYLVESTER:

6 06:51:16 Q. Who on the Ripple team spoke with Coinbase

7 06:51:20 about listing XRP on Coinbase?

8 06:51:23 MR. FLUMENBAUM: Objection as to form.

9 06:51:23 THE WITNESS: I -- I don't recollect. I

10 06:51:30 assume somebody on the leadership group.

11 06:51:32 BY MR. SYLVESTER:

12 06:51:33 Q. Did anyone on the Ripple team discuss with

13 06:51:36 anyone at Coinbase the application of the securities

14 06:51:39 laws to offers and sales of XRP?

15 06:51:45 MR. FLUMENBAUM: Objection as to form.

16 06:51:45 THE WITNESS: Well, it's my understanding

17 06:51:47 that Coinbase talked to the SEC before they listed

18 06:51:50 XRP, and they got approval to do so.

19 06:51:53 BY MR. SYLVESTER:

20 06:51:53 Q. Right.

21 06:51:53 But my question was did anyone on the

22 06:51:55 Ripple team discuss with anyone at Coinbase the

23 06:51:58 application of the securities laws to offers and

24 06:51:59 sales of XRP?

25 06:52:02 MR. FLUMENBAUM: Objection as to form.

1 06:52:06 THE WITNESS: Not to my recollection.

2 06:52:08 However, Coinbase has a world-class compliance team.

3 06:52:12 And, again, it is my understanding that they talked

4 06:52:16 to the SEC and got approval to list XRP on their

5 06:52:20 exchange.

6 06:52:20 BY MR. SYLVESTER:

7 06:52:20 Q. What's the basis of that understanding?

8 06:52:22 A. Well, I understand that they talked to the

9 06:52:24 SEC, so why would they have listed if they weren't

10 06:52:26 approved?

11 06:52:27 Q. No. No. I'm asking what's the basis for

12 06:52:29 your understanding that Coinbase talked to the SEC?

13 06:52:32 MR. CERESNEY: Mr. Larsen, if you could

14 06:52:34 not reveal anything you've learned from counsel.

15 06:52:38 But if there's another source, you can obviously

16 06:52:41 answer it.

17 06:52:42 THE WITNESS: It's my understanding that

18 06:52:44 they have an ongoing dialogue every time they do

19 06:52:47 list. But I believe that that was public

20 06:52:49 information.

21 06:52:51 BY MR. SYLVESTER:

22 06:52:51 Q. What's the basis of your understanding

23 06:52:53 that Coinbase talked to the SEC and got approval to

24 06:52:55 list XRP?

25 06:52:57 A. Can I ask a clarifying question?

1 06:52:59 Q. Sure.

2 06:53:00 A. Did Coinbase talk to the SEC?

3 06:53:02 Q. No. You can't ask that clarifying

4 06:53:04 question. I'm not here --

5 06:53:05 A. I'm not trying to be tricky there, I

6 06:53:07 just -- it seems like a relevant answer.

7 06:53:10 MR. FLUMENBAUM: What's your question?

8 06:53:11 BY MR. SYLVESTER:

9 06:53:11 Q. What's the basis of your understanding

10 06:53:13 that Coinbase talked to the SEC and the SEC approved

11 06:53:18 Coinbase's listing of XRP?

12 06:53:20 MR. FLUMENBAUM: I believe he's answered

13 06:53:21 that. I believe he testified just two questions ago

14 06:53:25 that he believes they talked to them and then they

15 06:53:28 listed and his assumption was that the SEC approved.

16 06:53:33 MR. SYLVESTER: Well, no, he didn't say

17 06:53:35 any of that. I don't know why you're testifying.

18 06:53:37 MR. FLUMENBAUM: I thought he did say

19 06:53:38 that.

20 06:53:39 MR. SYLVESTER: He didn't.

21 06:53:39 THE WITNESS: It's my understanding that

22 06:53:41 they talked to the SEC and they got approval. And I

23 06:53:45 just can't imagine in my wildest dreams that they

24 06:53:48 wouldn't have done that. That's a very compliant

25 06:53:51 organization, which had been planning to go public

1 06:53:55 and would have to have worked with the SEC. And, in

2 06:53:58 fact, did go public. I can't imagine that what we

3 06:54:03 have been led to understand is not correct.

4 06:54:05 BY MR. SYLVESTER:

5 06:54:05 Q. When you say "what we have been led to

6 06:54:07 understand," by whom?

7 06:54:09 MR. FLUMENBAUM: If you've -- if you have

8 06:54:11 more information based on communications with

9 06:54:14 counsel, I'm instructing you not to answer that

10 06:54:16 question.

11 06:54:17 THE WITNESS: Okay. So I can't delineate

12 06:54:19 between what I've heard not with counsel and what

13 06:54:21 I've heard with counsel.

14 06:54:22 BY MR. SYLVESTER:

15 06:54:22 Q. Did anyone other than your counsel tell

16 06:54:24 you that Coinbase met with the SEC and the SEC

17 06:54:28 approved the listing of XRP on Coinbase?

18 06:54:30 MR. FLUMENBAUM: Objection. He can't

19 06:54:33 answer that the way it's worded.

20 06:54:35 THE WITNESS: I can't --

21 06:54:36 MR. FLUMENBAUM: He can't answer that

22 06:54:37 question the way it's worded. Please rephrase that.

23 06:54:41 BY MR. SYLVESTER:

24 06:54:41 Q. Other than conversations with counsel, did

25 06:54:44 anyone tell you that Coinbase met with the SEC and

1 06:54:47 the SEC approved the listing of XRP?

2 06:54:49 MR. FLUMENBAUM: Well, objection as to

3 06:54:50 form. He's already testified that he understood

4 06:54:55 that Coinbase met with them and that it was -- and

5 06:55:00 that they listed. I believe he's answered this

6 06:55:03 question twice.

7 06:55:05 MR. SYLVESTER: He hasn't. That's why he

8 06:55:07 keep asking it.

9 06:55:09 Q. You can answer.

10 06:55:12 A. My understanding that that occurred is

11 06:55:14 without doubt.

12 06:55:18 Q. Okay. What's the basis of your lack of

13 06:55:20 doubt?

14 06:55:20 A. I think I, again, cannot delineate between

15 06:55:22 what I've heard not with counsel and what I've heard

16 06:55:26 with counsel.

17 06:55:27 Q. Okay.

18 06:55:27 A. But --

19 06:55:27 Q. Go ahead.

20 06:55:37 A. -- there must be public record of that.

21 06:55:41 Q. Have you told anybody at Ripple that the

22 06:55:44 SEC approved Coinbase's listing of XRP?

23 06:55:50 MR. FLUMENBAUM: Objection as to form.

24 06:55:50 THE WITNESS: Not to my recollection, no.

25 / /

1 06:55:51 BY MR. SYLVESTER:

2 06:55:51 Q. Have you told anybody outside Ripple that

3 06:55:54 Coinbase approved the -- that the SEC approved the

4 06:55:56 listing of XRP on Coinbase?

5 06:55:58 A. Not to my recollection, no.

6 06:56:17 Q. Mr. Larsen, are you familiar with Coil?

7 06:56:19 A. Yes.

8 06:56:19 Q. What is Coil?

9 06:56:21 A. Coil is a web monetization technology

10 06:56:25 company.

11 06:56:27 Q. It was founded by [REDACTED]?

12 06:56:30 A. He is, I believe, a cofounder.

13 06:56:33 Q. Does he have any connection to Ripple?

14 06:56:36 MR. FLUMENBAUM: Objection as to form.

15 06:56:38 THE WITNESS: He is a former CTO of Ripple

16 06:56:42 but no longer has a connection to the company.

17 06:56:44 BY MR. SYLVESTER:

18 06:56:44 Q. Okay. Does Coil publish a DUNL [sic] for

19 06:56:48 the XRP Ledger?

20 06:56:50 MR. FLUMENBAUM: Objection as to form.

21 06:56:50 THE WITNESS: I'm sorry?

22 06:56:51 BY MR. SYLVESTER:

23 06:56:51 Q. Does Coil publish a DUNL for the XRP

24 06:56:54 Ledger?

25 06:56:55 A. A DUNL?

1 06:56:57 Q. Yeah.

2 06:56:58 A. I'm not sure what that is.

3 06:56:59 Q. Does it publish a list of trusted notes

4 06:57:02 for the XRP Ledger?

5 06:57:05 MR. FLUMENBAUM: Objection as to form.

6 06:57:06 THE WITNESS: A UNL?

7 06:57:07 BY MR. SYLVESTER:

8 06:57:07 Q. UNL. Sorry.

9 06:57:10 A. I believe it does.

10 06:57:11 Q. Okay. When did **Coil** start publishing this

11 06:57:14 list?

12 06:57:15 A. I don't recall.

13 06:57:18 Q. Was it within the past couple of years?

14 06:57:25 A. I don't recall.

15 06:57:27 Q. Okay. Was it after the time that you

16 06:57:29 stepped down as Ripple's CEO?

17 06:57:33 MR. FLUMENBAUM: Objection as to form.

18 06:57:33 THE WITNESS: I believe that's correct.

19 06:57:36 BY MR. SYLVESTER:

20 06:57:36 Q. Okay. Do you have any role with respect

21 06:57:37 to **Coil**?

22 06:57:39 A. Yes. I serve on their board.

23 06:57:40 Q. Are you an investor in **Coil**?

24 06:57:43 A. You mean personally or with the company?

25 06:57:45 Q. Let's start with personally.

1 06:57:47 A. No.

2 06:57:47 Q. Is Ripple an investor in Coil?

3 06:57:50 A. Ripple has a minority stake in Coil.

4 06:57:55 Q. Have you ever made any payments whatsoever

5 06:57:57 to Coil?

6 06:57:59 MR. FLUMENBAUM: Objection.

7 06:57:59 THE WITNESS: Not that I can recollect.

8 06:58:01 BY MR. SYLVESTER:

9 06:58:01 Q. Okay. Does Ripple have any joint

10 06:58:05 partnerships with Coil?

11 06:58:06 A. Do you mean does Ripple have an agreement

12 06:58:08 with Coil?

13 06:58:12 Q. Do Ripple and Coil have any joint business

14 06:58:14 ventures?

15 06:58:18 A. I don't believe we have any joint ventures

16 06:58:20 together.

17 06:58:20 Q. Has Ripple ever had a joint venture with

18 06:58:24 coil?

19 06:58:26 MR. FLUMENBAUM: Objection as to form.

20 06:58:27 THE WITNESS: When you say "joint

21 06:58:28 venture," are you talking about a separate entity?

22 06:58:30 BY MR. SYLVESTER:

23 06:58:30 Q. Let's start there, sure.

24 06:58:33 MR. FLUMENBAUM: Objection as to form.

25 06:58:34 THE WITNESS: Not that I know of.

1 06:58:35 BY MR. SYLVESTER:

2 06:58:35 Q. Has -- have Ripple and Coil worked

3 06:58:39 together on business projects?

4 06:58:41 MR. FLUMENBAUM: Objection as to form.

5 06:58:45 THE WITNESS: When you say "work

6 06:58:45 together," you mean -- what do you mean by that?

7 06:58:51 BY MR. SYLVESTER:

8 06:58:51 Q. Have Ripple and Coil -- are there any

9 06:58:58 outstanding contractual agreements between Ripple

10 06:59:00 and Coil?

11 06:59:01 MR. FLUMENBAUM: Objection as to form.

12 06:59:02 THE WITNESS: Yes.

13 06:59:02 BY MR. SYLVESTER:

14 06:59:02 Q. What's the nature of those agreements?

15 06:59:05 A. Ripple incented Coil with XRP to pursue

16 06:59:12 web monetization in a program called [REDACTED]

17 06:59:15 [REDACTED]

18 06:59:17 Q. When you say "Ripple incented Coil with

19 06:59:19 XRP," does that mean that Ripple gave Coil XRP?

20 06:59:25 A. It provided XRP for appropriate projects

21 06:59:29 that might utilize web monetization.

22 06:59:34 Q. Okay. How much XRP did Ripple give Coil?

23 06:59:39 A. I don't recall the exact amount.

24 06:59:41 Q. When did Ripple give XRP to Coil?

25 06:59:45 A. I believe that was after -- shortly after

1 06:59:47 its founding.

2 06:59:54 MR. FLUMENBAUM: You have about three

3 06:59:55 minutes left, Mr. Sylvester.

4 07:00:03 BY MR. SYLVESTER:

5 07:00:03 Q. Have you ever suggested to anyone at Coil

6 07:00:05 that they take over a greater number of validating

7 07:00:11 servers for the XRP Ledger?

8 07:00:13 MR. FLUMENBAUM: Objection as to form.

9 07:00:17 THE WITNESS: Can you restate that

10 07:00:18 question, please.

11 07:00:19 BY MR. SYLVESTER:

12 07:00:19 Q. Sure. Have you ever talked to anyone at

13 07:00:21 Coil about running a greater number of validating

14 07:00:25 servers for the XRP Ledger?

15 07:00:27 MR. FLUMENBAUM: Objection as to form.

16 07:00:30 THE WITNESS: When you say "validating

17 07:00:32 servers," are you talking about validators that

18 07:00:38 might be on a UNL list?

19 07:00:41 BY MR. SYLVESTER:

20 07:00:41 Q. That's right.

21 07:00:41 A. It's important to note that UNLs don't do

22 07:00:44 the validating. Each validator validates the state

23 07:00:49 of the ledger independently. And more importantly,

24 07:00:51 it's not just the public ledgers' validators that

25 07:00:55 might end up on a UNL list, but that also includes

1 07:00:59 an even greater number of private validators. For

2 07:01:02 example, Coinbase would be a private validator.

3 07:01:09 Q. I see. Okay. Have you ever had any

4 07:01:12 discussions with Coil about operating any of the

5 07:01:14 validators on the XRP Ledger?

6 07:01:16 MR. FLUMENBAUM: Objection as to form.

7 07:01:19 THE WITNESS: Well, I believe Coil has a

8 07:01:21 validator themselves.

9 07:01:28 BY MR. SYLVESTER:

10 07:01:28 Q. Okay. After Coinbase listed XRP, did the

11 07:01:31 investigation of -- by the SEC of Ripple close?

12 07:01:36 MR. FLUMENBAUM: Objection as to form.

13 07:01:42 THE WITNESS: Can you ask that question

14 07:01:43 again, please.

15 07:01:44 BY MR. SYLVESTER:

16 07:01:44 Q. Sure. After Coinbase listed XRP, did the

17 07:01:46 SEC's investigation of Ripple close?

18 07:01:49 MR. FLUMENBAUM: Objection as to form.

19 07:01:50 THE WITNESS: Can you remind me again when

20 07:01:52 did Coil list XRP?

21 07:01:55 MR. CERESNEY: Coinbase.

22 07:01:55 MR. SYLVESTER: Coinbase.

23 07:01:56 THE WITNESS: Sorry, what did I say?

24 07:01:58 MR. CERESNEY: Coil.

25 07:01:58 THE WITNESS: Sorry, apologies.

1 07:01:58 BY MR. SYLVESTER:

2 07:01:59 Q. 2019.

3 07:02:00 A. 2019, what month was that, please?

4 07:02:02 MR. MOYE: February.

5 07:02:04 BY MR. SYLVESTER:

6 07:02:05 Q. February 2019.

7 07:02:06 MR. FLUMENBAUM: Objection as to form.

8 07:02:10 THE WITNESS: Again, if I could ask the

9 07:02:11 question, who did Coinbase approach at the SEC?

10 07:02:17 BY MR. SYLVESTER:

11 07:02:17 Q. Again, I can't answer your questions,

12 07:02:18 Mr. Larsen. This is our deposition of you.

13 07:02:20 A. No. I understand, but it's important for

14 07:02:22 how I would answer the question.

15 07:02:25 Q. I don't understand that.

16 07:02:28 A. Well, the SEC, there's many different

17 07:02:31 divisions, and our experience was it didn't seem

18 07:02:33 like one division knew what the other division was

19 07:02:36 doing, so isn't it impossible that they actually did

20 07:02:39 contact one of your divisions?

21 07:02:41 Q. That had nothing to do with the question I

22 07:02:43 asked.

23 07:02:43 A. Well, yes. It did. You were asking me

24 07:02:45 whether or not you dropped the -- well, can you ask

25 07:02:47 the question again, please.

1 07:02:49 Q. Sure.

2 07:02:49 After Coinbase listed XRP in February of

3 07:02:53 2019, did the SEC close its investigation of Ripple?

4 07:03:00 MR. FLUMENBAUM: Objection as to form.

5 07:03:00 THE WITNESS: Well, the answer to that

6 07:03:01 would be no. But I think important to note, and it

7 07:03:06 would be possible, that Coinbase approached one of

8 07:03:09 the divisions of the SEC and the other division

9 07:03:14 didn't know or didn't agree with that. Because in

10 07:03:16 our experience in the settlement talks, there seemed

11 07:03:20 to be a great deal of disagreement between the

12 07:03:22 divisions of what to do and a great number of 180s

13 07:03:25 that happened during those settlement talks.

14 07:03:27 MR. FLUMENBAUM: All right. Are we done,

15 07:03:31 Mr. Sylvester?

16 07:03:34 THE VIDEOGRAPHER: You have 30 seconds.

17 07:03:35 MR. FLUMENBAUM: Are we done, sir?

18 07:03:37 MR. SYLVESTER: I think we're done.

19 07:03:38 MR. FLUMENBAUM: All right. Thank you

20 07:03:39 very much.

21 07:03:39 THE WITNESS: Thank you. Thank you for

22 07:03:39 coming out.

23 07:03:40 MR. SYLVESTER: Thank you for your time,

24 07:03:40 Mr. Larsen.

25 07:03:40 THE WITNESS: Absolutely. I appreciate

1 07:03:40 it.

2 07:03:41 THE VIDEOGRAPHER: Okay. This concludes

3 07:03:43 today's deposition on September 14th, 2021. We

4 07:03:45 are off the record at 7:03 p.m. Master media will

5 07:03:50 be retained by Gradillas Court Reporting.

6 07:03:52 (Deposition concluded at 7:03 p.m.)

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1 CERTIFICATE OF WITNESS

2
3
4 I, CHRISTIAN A. LARSEN, do hereby declare under
5 penalty of perjury that I have read the entire
6 foregoing transcript of my deposition testimony,
7 or the same has been read to me, and certify that
8 it is a true, correct and complete transcript of
9 my testimony given on September 14, 2021, save and
10 except for changes and/or corrections, if any, as
11 indicated by me on the attached Errata Sheet, with
12 the understanding that I offer these changes and/or
13 corrections as if still under oath.

14 _____ I have made corrections to my deposition.

15 _____ I have NOT made any changes to my deposition.

16
17 Signed: _____
CHRISTIAN A. LARSEN

18
19 Dated this _____ day of _____ of 20____.

20
21 Sworn to and Subscribed before me,
22 this _____ day of _____ of 20____.

23
24 _____
Notary Public My Commission expires: _____
25

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1 ERRATA SHEET

2 Deposition of: CHRISTIAN A. LARSEN

3 Date taken: SEPTEMBER 14, 2021

4 Case: SEC v. RIPPLE LABS, INC., et al.

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Transcript Word Index

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